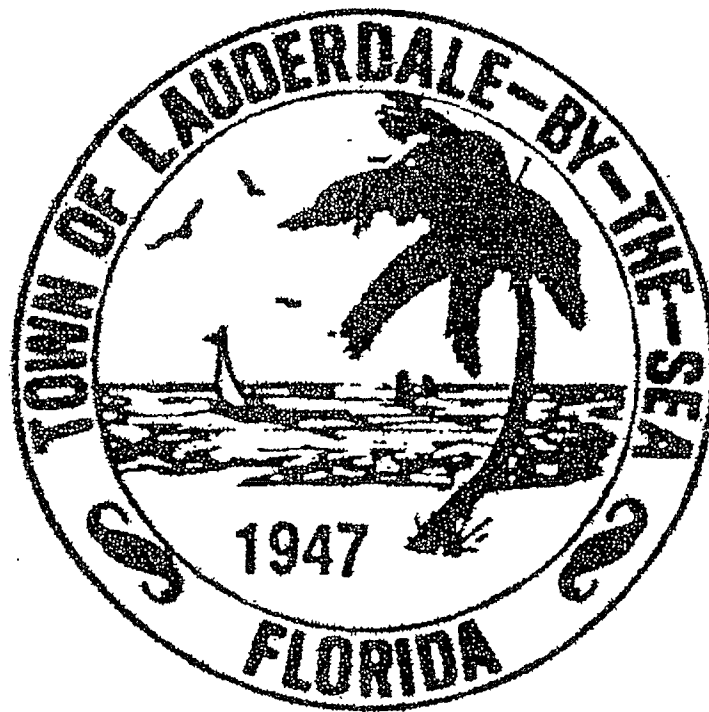


*Town of
Lauderdale-By-The-Sea, Florida*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2009

Prepared By: The Finance Department

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2009

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	i-iv
Organization Chart	v
Town Officials	vi
Certificate of Achievement for Excellence in Financial Reporting	vii

FINANCIAL SECTION

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Assets – Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17-18
Statement of Fiduciary Net Assets – Fiduciary Fund	19
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund	20
Notes to Basic Financial Statements	21-39
Required Supplementary Information (Other than MD&A):	
Budgetary Comparison Schedule – General Fund	40
Note to Budgetary Comparison Schedule	41
Schedule of Contributions from the Town	42
Schedule of Funding Progress	43
Individual Fund Statements and Schedules:	
Comparative Balance Sheets – General Fund	44
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Capital Projects Fund	45
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Special Revenue Fund – Police Training and Forfeiture	46

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2009

TABLE OF CONTENTS

(Continued)

STATISTICAL SECTION

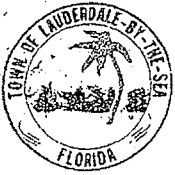
Net Assets by Component – Last Seven Fiscal Years (Accrual Basis of Accounting)	1	47
Changes in Net Assets – Last Seven Fiscal Years (Accrual Basis of Accounting)	2	48-49
General Governmental Tax Revenues By Source – Last Seven Fiscal Years (Accrual Basis of Accounting)	3	50
Fund Balances of Governmental Funds – Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	4	51
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	5	52
General Governmental Revenues By Source – Last Ten Fiscal Years	6	53
Preliminary Recapitulation of the Ad Valorem Assessment Rolls – Last Ten Fiscal Years	7	54
Principal Property Taxpayers	8	55
Property Tax Levies and Collections – Last Ten Fiscal Years	9	56
Property Tax Rates (Per \$1,000) – Direct and Overlapping Governments – Last Ten Fiscal Years	10	57
Ratio of Annual Debt Service Expenditures To Total General Governmental Expenditures – Last Ten Fiscal Years	11	58
Ratios of Outstanding Debt by Type – Last Seven Fiscal Years	12	59
Computation of Direct and Overlapping Debt – General Obligation Bonds	13	60
Statistics – Demographics And Economics	14	61
Principal Employers	15	62
Full Time Equivalent Government Positions By Function – Last Ten Fiscal Years	16	63
Operating Indicators by Function – Last Six Fiscal Years	17	64
Capital Assets By Function – Last Ten Fiscal Years	18	65

GLOSSARY	66-72
----------	-------

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73-74
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	75-76

INTRODUCTORY SECTION



Town of
LAUDERDALE-BY-THE-SEA

4501 Ocean Drive, Lauderdale-by-the-Sea, Florida 33308-3610
Telephone: (954) 776-0576 • Fax: (954) 776-1857

OFFICE OF THE
TOWN MANAGER

February 4, 2010

Honorable Mayor and Commissioners:

State law requires that all general purpose local governments publish within one year of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Lauderdale-By-The-Sea for the fiscal year ended September 30, 2009.

This report consists of management's representations concerning the finances of the Town of Lauderdale-By-The-Sea. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Lauderdale-By-The-Sea's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

MarcumRachlin, a division of Marcum LLP, a licensed certified public accounting firm, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the Town's financial statements for the fiscal year ended September 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Lauderdale-By-The-Sea's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Lauderdale-By-The-Sea's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Lauderdale-By-The-Sea, incorporated in 1947, is located between the Atlantic Ocean and the Intracoastal Waterway on the Gold Coast of Florida. The Town is in the east-central part of Broward County, 30 miles north of Miami and 33 miles south of Palm Beach. Because of the Town's prime seaside location, it can be expected to continue economic growth from tourism and other industries.

The Town of Lauderdale-By-The-Sea is primarily a residential community. Employment within the Town is primarily executive/managerial, professional and sales. The major industries within the Town are retail trade, finance, insurance and real estate. Most residents are employed within South Florida. The Town is presently 8.5 miles in area and has a year-round population of approximately 5,852 residents. The peak seasonal population is approximately 9,800.

The Town of Lauderdale-By-The-Sea provides the full range of municipal services for its citizens. These include administration, public safety, public works, parks and recreation facilities, building, zoning, code enforcement and supports water, sewer, parking and stormwater utility systems.

The annual budget serves as the foundation for the Town of Lauderdale-By-The-Sea's financial planning and control. All departments of the Town are required to submit requests for appropriation to the Town Manager and these requests are the starting point for developing a proposed budget. The Town Manager then presents this proposed budget to the commission for review. The commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Town's fiscal year. The budget is legally enacted through the passage of an ordinance. The appropriated budget is prepared by fund and department (e.g., police). The classification detail at which expenditures may not legally exceed appropriations is at the fund level. The Town Manager is authorized to transfer part or all of an unencumbered appropriation balance within a fund; however, any revisions that alter the total appropriations of any fund must be approved by the Town Commission. Budget-to-actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted.

The Town operates under a commission-manager form of government. Policy-making and legislative authority are vested in the Town Commission, which consists of a mayor, a vice-mayor and three commissioners. The Town Commission is responsible, for passing ordinances, adopting and amending the annual budget, approving large purchases, adopting resolutions and appointing the Town Manager and Town Attorney.

The Town Manager is the chief administrative officer of the Town. The Town Manager is responsible for carrying out the policies and ordinances of the Commission, directing all Town employees, appointing and removing subordinate employees, preparing and submitting the annual budget and overseeing the day-to-day operations of the Town.

Public safety services consisting of police, fire and fire rescue are provided by the Broward County Sheriff's Office. The Department Of Development Services provides Code Enforcement and Building department services.

The Town Commission meets on the second and fourth Tuesday of each month at 7:00 p.m. in Jarvis Hall, 4501 Ocean Drive, Lauderdale-By- The-Sea, Florida.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Lauderdale-By-The-Sea operates.

Local economy. Our community and economic development efforts have been rewarded with the recruitment of several new businesses to the area, including Basilik Vietnamese Grill, Divine Hair & Spa,

Argenti Designers Jewelry, Lilac and Lillies, Abru Café, BAM Designer Apparel located in our business district and the completion of forty-five residential condominium units by Mintos-Villas By The Sea, LLC. The Town's 2008 final gross taxable value of \$2,116,655,262 decreased to a current year gross taxable value of \$1,935,973,843 in 2009. Although the Town experienced a decrease, the Town was able to maintain the current millage rate of 3.9990 per \$1,000 of assessed property values in fiscal year 2008-2009. This millage rate enables the Town to continue its high level of services and provide additional funding for the Town-wide Capital Improvement Projects. Due to property reform in the State of Florida, property values continue to negatively impact our local economy. The Town of Lauderdale-By-The-Sea has maintained a conservative spending policy and continues to review staffing requirements and outsourcing requirements in an attempt to provide relief to the taxpayers.

The Town continues to study the availability of vacant land or property within the Town limits to continue to improve townwide infrastructure, updating zoning protection, and funding capital improvement projects that support a healthy economical residential and business district.

Long-term financial planning. The Town was awarded local and state funding in order to continue townwide capital projects. Some of the grant funds are earmarked for fiscal year beginning 2009 and 2010. In addition, the Town was able to pay off two loans in the General and Capital funds paying down approximately \$7.3 million of debt. Obtaining grants funds and the opportunity to pay off promissory notes thereby reducing debt enables the town to successfully complete major capital projects. In fiscal year 2008-2009 the Town completed over \$804 thousand in projects as listed below:

Major capital asset events during the current fiscal year included:

- Completed Seagrape sidewalk and streetscape project.
- Completed milling and repaving West Tradewinds.
- Completed the Commercial Boulevard Beach pavilion.
- Completed the permitting process for the Reef Habitat project.
- Completed the improvements to the public safety building for Fire and Emergency medical services.

The Town continues to review change orders, and designs and plans in anticipation of preparing bid documents for fiscal year 2009-2010. Approximately \$1.82 million dollars of construction contracts were awarded and will begin or will be completed during fiscal year 2009-2010:

- El Mar Streetscape project.
- Bel Air Town entryway project
- Conceptual design for AIA Streetscape project with the Florida Department of Transportation.

The Town continues to update the Capital Improvement Program by reviewing proposed plans, revising plan documents and when funding permits, expanding projects. This approach will allow the Town to refine project cost estimates and undertake several capital improvement projects during the year.

The Town remains poised to move boldly into redevelopment by improving and maintaining infrastructure and fund beautification projects, which contribute to a healthy municipality and provide an economically viable business district. When done properly the Town residents' taxes will remain low while the service level remains high. If there is no redevelopment, the alternative will be higher taxes and a reduction of the quality of life.

Cash Management

As of September 30, 2009 the Town had approximately \$2.3 million in emergency reserves. Most of the Town's unrestricted cash is not required for current operation and is deposited in pooled cash money market accounts, certificate of deposits and in repurchase agreements.

Relevant Financial Impact

At the end of the current fiscal year, the General Fund fund balance decreased approximately \$4.6 million primarily as the result of paying off the General Fund and Capital Fund promissory notes. The declining economic condition and decrease in property taxable values continue to have an impact on the Town's future development as well as capital improvement projects in future years. In addition, the Town constructed and invested over \$9 million in sanitary sewer systems which, as dictated in a signed agreement as part of the annexation agreement with the northern area of the Town, were transferred to the City of Pompano Beach.

Risk Management

The Town obtains insurance coverage from the Florida Municipal Insurance Trust. In addition to maintaining the mandated insurance coverage the Town participates in the Florida League of Cities premium credit programs. This led to an incentive of \$25,534 in the current fiscal year. Since entering the Town in the Premium Credit Program, in FY 96/97, the Town has saved approximately \$377,448.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report (CAFR) for the past twelve years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the Town again received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning October 1, 2008. In order to qualify for the Distinguished Budget Presentation Award the Town's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

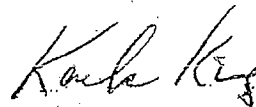
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the administration and finance department. A dedicated staff, a forward-looking Commission, and a supportive citizenry have supported our past successes. We would also like to extend our thanks to the firm of MarcumRachlin, a division of Marcum LLP, for their cooperation, assistance and professional conduct of the Town's annual audit.

Finally, we wish to acknowledge the Town Commission for their endorsement of sound accounting, financial management and support of the financial operations in a responsible and progressive manner.

Respectfully submitted,



Esther Colon
Town Manager

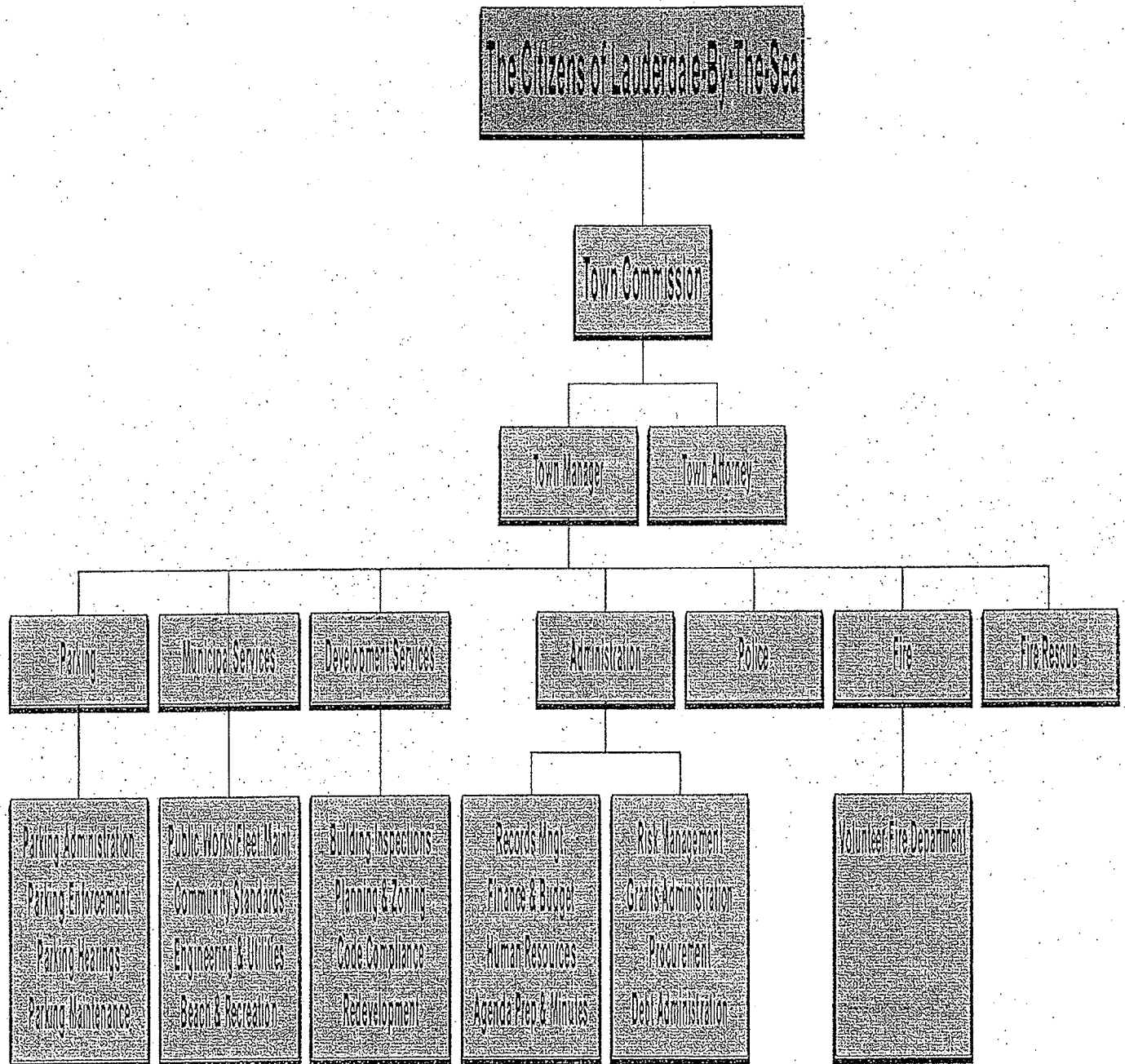


Kaola King
Finance – Budget Director

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2009



TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2009

TOWN COMMISSIONERS

Roseann Minnet, Mayor
Jerome McIntee, Vice-Mayor
Birute Ann Clottey, Commissioner
Stuart Dodd, Commissioner
Jim Silverstone, Commissioner

TOWN MANAGER

Esther Colon

TOWN ATTORNEY

Susan L. Trevarthen

TOWN CLERK

June White

FINANCE-BUDGET DIRECTOR

Kaola King

TOWN AUDITORS

MarcumRachlin, a division of Marcum LLP
Accountants ■ Advisors

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Town of Lauderdale-By-The-Sea
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



President

Executive Director

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITORS' REPORT

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Lauderdale-By-The-Sea, Florida (the Town) as of and for the fiscal year ended September 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

-1-



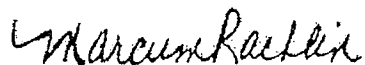
MarcumRachlin a Division of Marcum LLP • marcumrachlin.com

One Southeast Third Avenue • Tenth Floor • Miami, Florida 33131 • Phone 305.377.4228 • Fax 305.377.8331
NEW YORK • NEW JERSEY • CONNECTICUT • PENNSYLVANIA • FLORIDA • GRAND CAYMAN

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida
Page Two

Management's Discussion and Analysis and the Required Supplementary Information on pages 3 to 9 and pages 40 to 43, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, individual fund statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information included in the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



a division of Marcum LLP
Fort Lauderdale, Florida
February 4, 2010

MANAGEMENT'S DISCUSSION ANALYSIS
(MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Lauderdale-By-The-Sea financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal in the introductory section and in conjunction with the Town's basic financial statements, which begin on page 10.

Financial Highlights

The assets of the Town of Lauderdale-By-The-Sea exceeded its liabilities at the close of the most recent fiscal year by \$32,661,065 (*net assets*). Of this amount, \$11,273,848 (*unrestricted net assets*) may be used to meet the ongoing obligations to citizens and creditors. The Town's assets decreased by \$11,713,433 during the current fiscal year.

As of the close of the current fiscal year, the Town of Lauderdale-By-The-Sea's governmental funds reported combined ending fund balances of \$9,859,854, a decrease of \$2,909,468 from the prior year.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,168,550 or 14.24% of total general fund expenditures.

Long-Term Debt

The Town of Lauderdale-By-The-Sea has outstanding debt of \$1,573,714.

Although, The Town's Charter makes no reference to limitation of general obligation debt, the Administrative Policy is to limit the Town's general obligation debt to 10% of the Town's total reported assessed valuation.

Currently, the Town has one long-term promissory note with a maturity date extending to June 2020, which was obtained to provide additional funding for major parking improvement projects and property acquisition.

<u>Promissory Note Balance</u>	<u>September 30, 2009</u>	<u>Annual Principal/ Interest Payments</u>
Parking Fund (Proprietary Fund)	\$ 1,573,714	\$ 177,138

The following chart demonstrates the debt payments in the governmental funds as a percent of the Town's property assessed valuation for the past five years.

<u>Fiscal Year</u>	<u>Property Assessed Valuation</u>	<u>Debt Service Payments</u>	<u>Debt Payment % of Assessed Valuation</u>
2004/2005	\$ 1,728,223,953	\$ 1,787,696	0.1034%
2005/2006	2,140,677,012	2,442,991	0.1141%
2006/2007	2,321,656,228	2,621,382	0.1129%
2007/2008	2,116,655,262	4,733,984	0.2237%
2008/2009	1,935,973,843	7,365,682	0.3805%

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10-11) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12.

For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statement by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Lauderdale-By-The-Sea's basic financial statements. The Town of Lauderdale-By-The-Sea's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Lauderdale-By-The-Sea's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Lauderdale-By-The-Sea's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Lauderdale-By-The-Sea that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Lauderdale-By-The-Sea include general government, public safety, physical environment, recreation, and roads and street services. The business-type activities of the Town of Lauderdale-By-The-Sea include parking, stormwater and sewer operations.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Lauderdale-By-The-Sea, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Lauderdale-By-The-Sea can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Lauderdale-By-The-Sea maintains three individual governmental funds (general, capital projects, special revenue). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and capital improvement fund, both of which are considered to be major funds.

The Town of Lauderdale-By-The-Sea adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-14 of this report.

Proprietary funds. The Town of Lauderdale-By-The-Sea maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Lauderdale-By-The-Sea uses enterprise funds to account for its parking, stormwater and sewer operations.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, parking and stormwater operations, which are considered to be a major fund of the Town of Lauderdale-By-The-Sea. During the fiscal year, the stormwater fund was closed and the net assets which consisted of the net book value of the capital assets, were transferred to the governmental activities.

The basic proprietary fund financial statements can be found on pages 15-18 of this report.

Fiduciary Funds. The Town is the trustee, or fiduciary, for the Volunteer Firefighters' Pension Trust Fund. The *Pension Trust Fund* uses the accrual basis of accounting and is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. The Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 19. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-39 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. In the case of the Town of Lauderdale-By-The-Sea, total net assets exceeded liabilities by \$32,661,065 at the close of the most recent fiscal year.

By far the largest portion of the Town of Lauderdale-By-The-Sea's net assets reflects its investment in capital assets (e.g., roadways, improvements, equipment, buildings, land). The Town of Lauderdale-By-The-Sea uses these capital assets to provide services to citizens; consequently they are not available for future spending.

An additional portion of the Town of Lauderdale-By-The-Sea's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Lauderdale-By-The-Sea is able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for its separate governmental and business-type activities.

Due to the contribution of the sanitary sewer system to the City of Pompano Beach and a slow economy, the Town's net assets decreased by \$4,855,985 during the current fiscal year.

Governmental activities. Governmental activities decreased the Town of Lauderdale-By-The-Sea's net assets by \$4,492,705, thereby accounting for 92.52% of the total reduction in the net assets of the Town of Lauderdale-By-The-Sea. The decrease in Governmental Activities is due to the \$9 million contribution to the City of Pompano Beach described in Note 5 which was mitigated by savings in expenses but still came to an overall loss.

Business-type activities. Business-type activities decreased the Town of Lauderdale-By-The-Sea's net assets by \$363,280, accounting for 7.48% of the total decrease in the government's net assets.

Town of Lauderdale-By-The-Sea Changes in Net Assets – Comparative

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$10,195,239	\$13,063,932	\$1,919,751	\$1,914,801	\$12,114,990	\$14,978,733
Capital assets, net	15,518,177	23,879,068	7,151,747	7,640,546	22,669,924	31,519,614
Total assets	<u>25,713,416</u>	<u>36,943,000</u>	<u>9,071,498</u>	<u>9,555,347</u>	<u>34,784,914</u>	<u>46,498,347</u>
Long-term liabilities	209,681	6,989,019	1,573,714	1,685,889	1,783,395	8,674,908
Other liabilities	273,359	230,900	67,095	76,499	340,454	307,399
Total liabilities	<u>483,040</u>	<u>7,219,919</u>	<u>1,640,809</u>	<u>1,762,388</u>	<u>2,123,849</u>	<u>8,982,307</u>
Net assets:						
Invested in capital assets, net of related debt	15,518,177	17,822,307	5,578,033	5,954,657	21,096,210	23,776,964
Restricted for law enforcement	291,007	305,460	-	-	291,007	305,460
Unrestricted	<u>9,421,192</u>	<u>11,595,314</u>	<u>1,852,656</u>	<u>1,839,312</u>	<u>11,273,848</u>	<u>13,434,626</u>
Total net assets	<u>\$25,230,376</u>	<u>\$29,723,081</u>	<u>\$7,430,689</u>	<u>\$7,793,969</u>	<u>\$32,661,065</u>	<u>\$37,517,050</u>

Town of Lauderdale-By-The-Sea
Changes in Net Assets by Program – Comparative

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,123,829	\$ 1,170,672	\$ 1,483,075	\$ 1,701,816	\$ 2,606,904	\$ 2,872,488
Operating grants and contributions	71,439	97,153	-	-	71,439	97,153
Capital grants and contributions	1,200,823	26,002	33,823	-	1,234,646	26,002
General revenues:						
Property taxes and fire assessments	9,195,526	10,092,717	-	-	9,195,526	10,092,717
Utility taxes based on gross receipts	943,068	906,960	-	-	943,068	906,960
Franchise fees based on gross receipts	822,394	816,586	-	-	822,394	816,586
Communication service tax	434,051	357,664	-	-	434,051	357,664
Unrestricted interest	33,821	427,693	7,166	73,124	40,987	500,817
Gain on sale of assets	-	-	-	32,914	-	32,914
Miscellaneous	73,158	170,782	-	-	73,158	170,782
Total revenues	<u>13,898,109</u>	<u>14,066,229</u>	<u>1,524,064</u>	<u>1,807,854</u>	<u>15,422,173</u>	<u>15,874,083</u>
Expenses:						
General government	2,152,767	1,980,600	-	-	2,152,767	1,980,600
Public safety	4,795,316	6,425,512	-	-	4,795,316	6,425,512
Roads and streets	1,383,191	1,286,108	-	-	1,383,191	1,286,108
Recreation	399,643	482,726	-	-	399,643	482,726
Physical environment	539,440	313,498	-	-	539,440	313,498
Interest on long-term debt	550,849	458,103	-	-	550,849	458,103
Sewer	-	-	1,062,086	1,007,864	1,062,086	1,007,864
Stormwater	-	-	-	376,440	-	376,440
Parking	-	-	201,408	229,007	201,408	229,007
	<u>9,821,206</u>	<u>10,946,547</u>	<u>1,263,494</u>	<u>1,613,311</u>	<u>11,084,700</u>	<u>12,559,858</u>
Increase in net assets before transfers and special item	4,076,903	3,119,682	260,570	194,543	4,337,473	3,314,225
Transfers	623,850	1,374,575	(623,850)	(1,374,575)	-	-
Special item	(9,193,458)	-	-	-	(9,193,458)	-
Change in net assets	(4,492,705)	4,494,257	(363,280)	(1,180,032)	(4,855,985)	3,314,225
Net assets, beginning	<u>29,723,081</u>	<u>25,228,824</u>	<u>7,793,969</u>	<u>8,974,001</u>	<u>37,517,050</u>	<u>34,202,825</u>
Net assets, ending	<u>\$25,230,376</u>	<u>\$29,723,081</u>	<u>\$7,430,689</u>	<u>\$7,793,969</u>	<u>\$32,661,065</u>	<u>\$37,517,050</u>

- The increase in capital grants and contributions is primarily due to a capital contribution from a developer in the amount of \$1 million.
- The decrease in public safety expenses is primarily due to the fact that costs of contractual services declined.
- The decrease in property taxes is due to the decline in property values.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Lauderdale-By-The-Sea uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Lauderdale-By-The-Sea's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Lauderdale-By-The-Sea's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Lauderdale-By-The-Sea's *governmental funds* reported combined ending fund balances of \$9,859,854, a decrease of \$2,909,468 from the

prior year. The general fund is the primary operating fund of the Town. At the end of the current fiscal year, the fund balance of the general fund was \$6,602,614, a decrease of \$4,560,760. The key factor in this reduction was the early retirement of promissory notes and a conservative approach in financial planning due to economic constraints. The fund balance of the capital projects fund was \$2,966,233, an increase of \$1,665,745. This is primarily due to a contribution from a developer of \$1 million.

Proprietary funds. The Town of Lauderdale-By-The-Sea's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Revenues and expenses in the proprietary funds are down from 2008 due to the closing of the stormwater fund in fiscal 2009. Unrestricted net assets of the Sewer and Parking Funds at the end of the year amounted to \$1,852,656.

General Fund Budgetary Highlights

The differences in the actual revenues and expenses as compared to the budget are summarized as follows:

- Ad valorem taxes are by law provided in the budget at a 95% rate of actual anticipated revenue to provide an allowance for uncollected taxes; however, the Town's collections were realized at 101.2%.
- Interest revenue was lower than budget due to economic conditions and the reduction of interest rates on investments.
- Utility taxes and franchise fees collected were realized at primarily 110.02% as a result of increases in rates.
- Licenses, permits and fees were realized at 108.6%, a slight increase from last year due to the receipt of fire review fees from the fire department.
- Intergovernmental revenues were realized at 94.4%, a slight increase from last year's realization due to an increase in the communication service tax.
- Due to management's conservative spending policy, general fund actual expenditures as compared to the budget were realized at 92%. No department exceeded their annual adopted budget.
- The budget in the General Fund was amended by approximately \$6 million due to the payoff of debt at the end of the fiscal year.

Please refer to the Budgetary Comparison Schedule for more detailed information located on page 40.

Capital Assets

The Town of Lauderdale-By-The-Sea's investment in capital assets for its governmental and business type activities as of September 30, 2009, amounts to \$22,669,924 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, and improvements other than buildings and machinery and equipment.

Major capital asset events during the current fiscal year included:

- Completed Seagrape sidewalk and streetscape project.
- Completed milling and repaving West Tradewinds.

- Completed the Commercial Boulevard Beach pavilion.
- Completed the permitting process for the Reef Habitat project.
- Completed the improvements to the public safety building for Fire and Emergency medical services.

Major Town wide infrastructure maintenance programs during the current fiscal year included:

- Completed 2nd year of the Town's stormwater outfall maintenance program.
- Completed 2nd year of the Town's sidewalk maintenance program.
- Completed 1st year of the Town's street milling and repaving street maintenance program.

Additional information on the Town of Lauderdale-By-The-Sea's capital assets can be found in Note 5 on pages 31 and 32 of this report.

Economic Factors and Next Year's Budgets

Economic factors that will impact the Town's General Fund in upcoming budget considerations, include: the decrease in interest rates on investments and consumer spending. In addition, the State of Florida is trying to deal with the disparities and the inequities in the State's property tax system (Property Tax Reform). The declining national economic condition, increase in unemployment rates and property tax reform in the State of Florida continue to have an impact on the Town's future development.

Additionally, staff has been working to complete the following:

- Review and update the Town's Fire Assessment Fee structure.
- Review Code Enforcement and Building Department policies to revise and adopt new ordinances to address new redevelopment projects.
- Review current debt structure in anticipation of acquiring funds for additional funding of capital improvement projects.
- Continue to review and prioritize Towns Capital Projects Master Plan totaling over \$1.6 million dollars in addition to funding a five-year capital improvement plan of over \$5.3 million.
- Review Parking Enforcement policies to revise and adopt new ordinances to address method of effective enforcement beneficial to the Town, residents and visitors.
- Review and maintain appropriate staffing levels to ensure a high level of community standards and have adequate funding for ongoing operating expenses related to completed capital improvements projects in the respective budget year and in the appropriate service department.

All the above factors were considered in preparing the Town's budget for fiscal year beginning in 2009.

Requests for Information

This financial report is designed to provide a general overview of the Town of Lauderdale-By-The-Sea's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Budget and Finance, Town of Lauderdale-By-The-Sea, 4501 Ocean Drive, Lauderdale-By-The-Sea, Florida 33308.

THIS PAGE IS INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

	Governmental Activities	Business- type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,488,036	\$1,819,564	\$11,307,600
Investments	144,597	-	144,597
Receivables	316,432	97,525	413,957
Internal balances	(2,662)	2,662	-
Prepaid items	186,810	-	186,810
Net pension asset	62,026	-	62,026
Capital assets, not depreciated	2,858,563	5,483,384	8,341,947
Capital assets, net of accumulated depreciation	<u>12,659,614</u>	<u>1,668,363</u>	<u>14,327,977</u>
Total assets	<u>25,713,416</u>	<u>9,071,498</u>	<u>34,784,914</u>
<u>LIABILITIES</u>			
Vouchers payable and accrued liabilities	159,886	67,095	226,981
Unearned revenue	106,618	-	106,618
Deposits	6,855	-	6,855
Noncurrent liabilities:			
Due within one year	20,968	116,671	137,639
Due in more than one year	<u>188,713</u>	<u>1,457,043</u>	<u>1,645,756</u>
Total liabilities	<u>483,040</u>	<u>1,640,809</u>	<u>2,123,849</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	15,518,177	5,578,033	21,096,210
Restricted for law enforcement	291,007	-	291,007
Unrestricted	<u>9,421,192</u>	<u>1,852,656</u>	<u>11,273,848</u>
Total net assets	<u>\$ 25,230,376</u>	<u>\$7,430,689</u>	<u>\$32,661,065</u>

See notes to basic financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:					
General government	\$ 2,152,767	\$ 799,213	\$ -	\$ (1,353,554)	\$ -
Public safety	4,795,316	122	-	(4,795,194)	-
Roads and streets	1,383,191	299,435	1,000,000	(12,317)	-
Recreation	399,643	6,247	24,275	(369,121)	-
Physical environment	539,440	18,812	176,548	(344,080)	-
Interest on long-term debt	550,849	-	-	(550,849)	-
Total governmental activities	9,821,206	1,123,829	1,200,823	(7,425,115)	-
Business-type activities:					
Sewer	1,062,086	1,001,636	-	-	(60,450)
Parking	201,408	481,439	33,823	-	313,854
Total business-type activities	1,263,494	1,483,075	33,823	-	253,404
Total	\$ 11,084,700	\$ 2,606,904	\$ 1,234,646	(7,425,115)	(7,171,711)
General revenues:					
Property taxes and fire assessments				9,195,526	-
Utility taxes based on gross receipts				943,068	-
Franchise fees based on gross receipts				822,394	-
Miscellaneous				73,158	-
Communication service tax				434,051	-
Unrestricted interest				33,821	7,166
Transfers (Note 6)				623,850	(623,850)
Special item - contribution to other governmental unit (Note 5)				(9,193,458)	-
Total general revenues, transfers and special items				2,932,410	(616,684)
Change in net assets				(4,492,705)	(363,280)
Net assets - beginning				29,723,081	7,793,969
Net assets - ending				\$ 25,230,376	\$ 7,430,689

See notes to basic financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2009

	<u>General</u>	<u>Capital Projects</u>	Police Training and Forfeiture (A Nonmajor Fund)	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$6,230,796	\$2,966,233	\$ 291,007	\$ 9,488,036
Investments	144,597	-	-	144,597
Receivables	316,432	-	-	316,432
Due from other funds	8	-	-	8
Prepaid items	186,810	-	-	186,810
Total assets	<u>\$6,878,643</u>	<u>\$2,966,233</u>	<u>\$ 291,007</u>	<u>\$ 10,135,883</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Vouchers payable and accrued liabilities	159,886	\$ -	\$ -	\$ 159,886
Due to other funds	2,670	-	-	2,670
Unearned revenue	106,618	-	-	106,618
Deposits	6,855	-	-	6,855
Total liabilities	<u>276,029</u>	<u>-</u>	<u>-</u>	<u>276,029</u>
Fund balances:				
Reserved for prepaid items	186,810	-	-	186,810
Unreserved, reported in:				
General fund:				
Designated:				
Emergencies	2,329,648	-	-	2,329,648
Vehicle and equipment reserve	182,792	-	-	182,792
Capital assets	1,650,742	-	-	1,650,742
Fire assessment	63,273	-	-	63,273
Undesignated	2,189,349	-	-	2,189,349
Capital projects fund:				
Designated for capital assets	-	1,161,336	-	1,161,336
Undesignated	-	1,804,897	-	1,804,897
Special revenue fund:				
Designated for subsequent years' expenditures	-	-	151,239	151,239
Undesignated	-	-	139,768	139,768
Total fund balances	<u>6,602,614</u>	<u>2,966,233</u>	<u>291,007</u>	<u>9,859,854</u>
Total liabilities and fund balances	<u>\$6,878,643</u>	<u>\$2,966,233</u>	<u>\$ 291,007</u>	

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,518,177
A negative (NPO) net pension obligation is not considered to represent a financial asset and therefore is not reported in the governmental fund.	62,026
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(209,681)
Net assets of governmental activities	<u>\$ 25,230,376</u>

See notes to basic financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Police Training and Forfeiture (A Nonmajor Fund)</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes and fire assessments	\$9,195,526	\$ -	\$ -	\$ 9,195,526
Franchise fees and utility taxes	1,765,462	-	-	1,765,462
Intergovernmental	989,834	-	-	989,834
Fines and forfeitures	253,958	-	122	254,080
Charges for services	159,131	-	-	159,131
Interest and other	17,013	15,577	1,231	33,821
Licenses and permits	154,835	-	-	154,835
Grants	95,714	176,548	-	272,262
Miscellaneous revenues	73,158	1,000,000	-	1,073,158
Total revenues	<u>12,704,631</u>	<u>1,192,125</u>	<u>1,353</u>	<u>13,898,109</u>
Expenditures:				
Current:				
General government	1,803,315	-	-	1,803,315
Public safety	4,774,384	-	-	4,774,384
Roads and streets	1,272,675	-	-	1,272,675
Recreation	307,685	-	-	307,685
Physical environment	311,328	-	-	311,328
Capital outlay	318,087	804,260	15,806	1,138,153
Debt service:				
Principal	5,995,205	819,628	-	6,814,833
Interest and fiscal charges	448,758	102,091	-	550,849
Total expenditures	<u>15,231,437</u>	<u>1,725,979</u>	<u>15,806</u>	<u>16,973,222</u>
Deficiency of revenues over expenditures	<u>(2,526,806)</u>	<u>(533,854)</u>	<u>(14,453)</u>	<u>(3,075,113)</u>
Other financing sources (uses):				
Transfers in	165,645	2,199,599	-	2,365,244
Transfers out	<u>(2,199,599)</u>	-	-	<u>(2,199,599)</u>
Total other financing sources (uses)	<u>(2,033,954)</u>	<u>2,199,599</u>	<u>-</u>	<u>165,645</u>
Net change in fund balances	<u>(4,560,760)</u>	<u>1,665,745</u>	<u>(14,453)</u>	<u>(2,909,468)</u>
Fund balances - beginning	<u>11,163,374</u>	<u>1,300,488</u>	<u>305,460</u>	<u>12,769,322</u>
Fund balances - ending	<u>\$6,602,614</u>	<u>\$2,966,233</u>	<u>\$ 291,007</u>	<u>\$ 9,859,854</u>

See notes to basic financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2009

Amounts reported for governmental activities in the statement of activities
(Page 13) are different because:

Net change in fund balances - total governmental funds (Page 13) \$ (2,909,468)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 933,256	
Depreciation	<u>(558,894)</u>	
Net adjustment		374,362

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

The details of the difference are as follows:

Principal payments:		
Notes payable		6,814,833

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The detail of the difference is as follows:

Compensated absences	(35,495)
----------------------	----------

Governmental funds report pension contributions as expenditures. However, contributions in excess of the annual pension cost is reported as a net pension asset in the statement of net assets

(1,684)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Special item - contribution to other governmental unit (see Note 5)	(9,193,458)
---	-------------

Other item:

Transfer of net assets from stormwater utility fund (see Note 6)	<u>458,205</u>
--	----------------

Change in net assets of governmental activities (Page 11)	<u>\$ (4,492,705)</u>
---	-----------------------

See notes to basic financial statements.

TOWN OF LAUDERDALE-BY-TH-SEA, FLORIDA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2009

	<u>Enterprise Funds</u>			<u>Totals</u>
	<u>Sewer Utility System</u>	<u>Parking Revenue Improvement</u>	<u>Stormwater Utility (A Nonmajor Fund)</u>	
<u>ASSETS</u>				
Current assets:				
Cash	\$ 1,583,398	\$ 236,166	\$ -	\$ 1,819,564
Accounts receivable	96,855	670	-	97,525
Due from other funds	-	2,670	-	2,670
Total current assets	<u>1,680,253</u>	<u>239,506</u>	<u>-</u>	<u>1,919,759</u>
Noncurrent assets:				
Capital assets:				
Land	-	5,483,384	-	5,483,384
Motor vehicles	-	13,019	-	13,019
Buildings and utility plant	2,613,255	248,825	-	2,862,080
Accumulated depreciation	<u>(1,094,582)</u>	<u>(112,154)</u>	<u>-</u>	<u>(1,206,736)</u>
Total noncurrent assets	<u>1,518,673</u>	<u>5,633,074</u>	<u>-</u>	<u>7,151,747</u>
Total assets	<u>3,198,926</u>	<u>5,872,580</u>	<u>-</u>	<u>9,071,506</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Vouchers payable and accrued liabilities	66,307	788	-	67,095
Current portion of revenue notes payable	-	116,671	-	116,671
Due to other funds	-	8	-	8
Total current liabilities	<u>66,307</u>	<u>117,467</u>	<u>-</u>	<u>183,774</u>
Noncurrent liabilities:				
Revenue notes payable	-	1,457,043	-	1,457,043
Total noncurrent liabilities	-	<u>1,457,043</u>	-	<u>1,457,043</u>
Total liabilities	<u>66,307</u>	<u>1,574,510</u>	<u>-</u>	<u>1,640,817</u>
Net assets:				
Invested in capital assets, net of related debt	1,518,673	4,059,360	-	5,578,033
Unrestricted	<u>1,613,946</u>	<u>238,710</u>	<u>-</u>	<u>1,852,656</u>
Total net assets	<u>\$ 3,132,619</u>	<u>\$ 4,298,070</u>	<u>\$ -</u>	<u>\$ 7,430,689</u>

See notes to basic financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Enterprise Funds</u>			
	<u>Sewer Utility System</u>	<u>Parking Revenue Improvement</u>	<u>Stormwater Utility (A Nonmajor Fund)</u>	<u>Totals</u>
Operating revenues:				
Service revenues	<u>\$1,001,636</u>	<u>\$ 481,439</u>	<u>\$ -</u>	<u>\$1,483,075</u>
Total operating revenues	<u>1,001,636</u>	<u>481,439</u>	<u>-</u>	<u>1,483,075</u>
Operating expenses:				
Operating, administrative and maintenance	<u>1,009,170</u>	<u>124,956</u>	<u>-</u>	<u>1,134,126</u>
Depreciation	<u>52,916</u>	<u>11,501</u>	<u>-</u>	<u>64,417</u>
Total operating expenses	<u>1,062,086</u>	<u>136,457</u>	<u>-</u>	<u>1,198,543</u>
Operating income (loss)	<u>(60,450)</u>	<u>344,982</u>	<u>-</u>	<u>284,532</u>
Non-operating revenues (expenses):				
Interest income	<u>6,144</u>	<u>1,022</u>	<u>-</u>	<u>7,166</u>
Interest expense	<u>-</u>	<u>(64,951)</u>	<u>-</u>	<u>(64,951)</u>
Total non operating revenues (expenses)	<u>6,144</u>	<u>(63,929)</u>	<u>-</u>	<u>(57,785)</u>
Income (loss) before capital contributions and transfers	<u>(54,306)</u>	<u>281,053</u>	<u>-</u>	<u>226,747</u>
Capital contributions	<u>-</u>	<u>33,823</u>	<u>-</u>	<u>33,823</u>
Transfers out (see Note 6)	<u>-</u>	<u>(165,645)</u>	<u>(458,205)</u>	<u>(623,850)</u>
Change in net assets	<u>(54,306)</u>	<u>149,231</u>	<u>(458,205)</u>	<u>(363,280)</u>
Net assets, beginning	<u>3,186,925</u>	<u>4,148,839</u>	<u>458,205</u>	<u>7,793,969</u>
Net assets, ending	<u>\$3,132,619</u>	<u>\$ 4,298,070</u>	<u>\$ -</u>	<u>\$7,430,689</u>

See notes to basic financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Enterprise Funds</u>			
	<u>Sewer Utility System</u>	<u>Parking Revenue Improvement</u>	<u>Stormwater Utility (A Nonmajor Fund)</u>	<u>Totals</u>
Cash flows from operating activities:				
Cash received from customers	\$ 1,131,988	\$ 495,987	\$ -	\$ 1,627,975
Cash payments to suppliers	(955,461)	(49,440)	-	(1,004,901)
Cash payments to employees	(62,685)	(75,944)	-	(138,629)
Net cash provided by operating activities	<u>113,842</u>	<u>370,603</u>	<u>-</u>	<u>484,445</u>
Cash flows from noncapital financing activities:				
Due to other funds	(396)	8	(152,191)	(152,579)
Due from other funds	-	(1,139)	-	(1,139)
Transfers to other funds	-	(165,645)	-	(165,645)
Net cash used in financing activities	<u>(396)</u>	<u>(166,776)</u>	<u>(152,191)</u>	<u>(319,363)</u>
Cash flows from capital and related financing activities:				
Payment on notes payable	-	(112,175)	-	(112,175)
Interest paid	-	(64,951)	-	(64,951)
Net cash used in capital and related financing activities	<u>-</u>	<u>(177,126)</u>	<u>-</u>	<u>(177,126)</u>
Cash flows from investing activities:				
Interest on investments	<u>6,144</u>	<u>1,022</u>	<u>-</u>	<u>7,166</u>
Net increase (decrease) in cash	119,590	27,723	(152,191)	(4,878)
Cash, beginning	<u>1,463,808</u>	<u>208,443</u>	<u>152,191</u>	<u>1,824,442</u>
Cash, ending	<u>\$ 1,583,398</u>	<u>\$ 236,166</u>	<u>\$ -</u>	<u>\$ 1,819,564</u>

(Continued)

See notes to basic financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Enterprise Funds</u>			
	<u>Sewer Utility System</u>	<u>Parking Revenue Improvement</u>	<u>Stormwater Utility (A Nonmajor Fund)</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (60,450)	\$ 344,982	\$ -	\$ 284,532
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	52,916	11,501	-	64,417
Changes in operating assets and liabilities:				
Decrease in:				
Accounts receivable	129,342	14,548	-	143,890
Prepaid expenses	1,010	-	-	1,010
Decrease in:				
Vouchers payable and accrued liabilities	(8,976)	(428)	-	(9,404)
Total adjustments	174,292	25,621	-	199,913
Net cash provided by operating activities	\$ 113,842	\$ 370,603	\$ -	\$ 484,445

Non-cash investing, capital and financing activities:

During 2009, the Parking Revenue Improvement Fund received contributed assets valued at \$33,823.

During 2009, the Stormwater Utility transferred out capital assets with a net book value of \$458,205 to the governmental activities.

See notes to basic financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND

SEPTEMBER 30, 2009

	Pension Trust <u>Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 34,922
Investments	667,061
Contributions receivable	<u>85,845</u>
Total assets	<u>787,828</u>
<u>NET ASSETS</u>	
Net assets held in trust for pension benefits	<u>\$ 787,828</u>

See notes to basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Pension Trust <u>Fund</u>
ADDITIONS	
Contributions:	
Employee	\$ 14,625
State, transferred from general fund	82,649
Town	<u>30,372</u>
Total contributions	<u>127,646</u>
Investment income :	
Net appreciation in fair value of investments	<u>65,977</u>
Total additions	<u>193,623</u>
DEDUCTIONS	
Pension benefits	15,192
Administrative expenses	<u>3,163</u>
Total deductions	<u>18,355</u>
Net increase	175,268
Net assets held in trust for pension benefits:	
Beginning	<u>612,560</u>
Ending	<u>\$ 787,828</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lauderdale-By-The-Sea, Florida (the Town) was incorporated in 1947. The Town operates under a Commission-Manager form of government and provides a full range of municipal services, including public safety (police and fire), parks and recreation, public works, building, zoning and code enforcement and general administrative services. The Town also operates three enterprise activities: sewer, parking improvement and stormwater. During the 2009 fiscal year, the stormwater fund was closed. The net assets which consisted of the net book value of the capital assets were transferred to the governmental activities.

The basic financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

1. Reporting Entity

The financial statements were prepared in accordance with governmental accounting standards, which establish standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town, organizations for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. A blended component unit, although a legally separate entity, is, in substance, part of the Town's operations and so data from this unit is combined with data of the Town. Based upon the application of these criteria, there were no organizations that met the criteria described above.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Interfund services provided and used are not eliminated in the process of consolidation.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, if any, are recorded only when payment is due.

Property taxes, charges for services, franchise fees and other taxes, intergovernmental revenues, and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. Other receipts and fees become measurable and available when cash is received by the Town and are recognized as revenue at that time.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all or most of the Town's general activities except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities.

The Town reports the following nonmajor governmental fund:

The *Police Training and Forfeiture Fund* is used to account for the portion of traffic citation revenue dedicated to police training, the confiscation of property and the related authorized law enforcement expenditures.

The Town reports the following major proprietary funds:

The *Sewer Utility Fund* accounts for the activities associated with providing water and sewer services within the Town.

The *Parking Revenue Improvement Fund* accounts for parking meter revenue in the Town's business district.

The Town reports the following nonmajor proprietary fund:

The *Stormwater Utility Fund* accounts for the activities associated with providing stormwater services within the Town. During the 2009 fiscal year, the fund was closed. The net assets which consisted of the net book value of the capital assets were transferred to the governmental activities.

Additionally, the Town reports the following fund type:

The *Pension Trust Fund* accounts for the activities of the Volunteer Fire Department's Pension Plan and the accumulation of resources for pension benefits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's various utility functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

4. Capital Assets

Capital assets, which include property, plant and equipment, and all infrastructure assets (e.g., roads, bridges, sidewalks, bike paths and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The Town has elected to retroactively apply the capitalization requirements of GASB Statement No. 34 to major general infrastructure assets acquired since 1980.

The costs of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred in both the Sewer Fund and the Parking Revenue Improvement Fund was \$64,951. During the fiscal year ended 2009, there was no interest to be capitalized.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Capital Assets (Continued)

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Utility plant	25-75
Infrastructure	50
Improvements other than buildings	25
Furniture, fixtures, machinery and equipment	5-10
Motor vehicles	5-7

5. Deposits and Investments

Town administration is authorized to invest in those instruments authorized by the Florida statutes.

All investments, except the Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP) and Fund B, are reported at fair value. The Florida PRIME is recorded at the value of the pool shares (2a-7 like pool), which is fair value. Fund B is a fluctuating NAV pool and is reported based on the fair value factor.

Cash and cash equivalents, for purposes of the statement of cash flows, include cash and investments which are defined as short-term, highly liquid investments with original maturities of three months or less.

6. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

7. Receivables

Receivables include amounts due from other governments and others for services provided by the Town. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances for uncollectible receivables, if any, are based upon historical trends and the periodic aging of receivables.

8. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Compensated Absences

Town employees are granted vacation in varying amounts based on length of service and sick leave at the rate of one day per month. Up to 30 days of vacation time and 60 days of sick leave may be accrued and carried forward into the next year. In the event of termination, an employee is reimbursed for accumulated vacation days. Employees are reimbursed for 25 percent of accumulated sick leave upon leaving Town employment in good standing.

The cost of accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirements or resignations. The general fund has been used to liquidate these amounts.

10. Long-Term Obligations

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Net Assets

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets, net of related debt; restricted or unrestricted. Invested in capital assets, net of related debt, is that portion of net assets that relates to the Town's capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

Restricted net assets is that portion of net assets that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance to indicate the portion of fund balance that is not appropriable for expenditures or is legally segregated by outside parties for a specific purpose. Designations indicate tentative managerial plans or intent to use financial resources in a future period. Undesignated fund balance indicates the portion of fund balance which is available for future use.

13. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenditures/expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, pension and postretirement obligations, and useful lives and impairment of tangible and intangible assets, among others. Actual results could differ from these estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

All of the Town's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 125% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Investments - Town

The Town has adopted an investment policy in accordance with Florida Statutes to establish guidelines for the efficient management of its cash reserves. The Town is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, the State Board of Administration investment pool, any intergovernmental investment pools authorized pursuant to Chapter 163 of the Florida Statutes, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments - Town (Continued)

securities of any interest in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to obligations of the U.S. government, its agencies and instrumentalities and to repurchase agreements fully collateralized by such U.S. government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

The State Board of Administration (SBA) administers the Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP)), and the Fund B Surplus Funds Trust Fund. (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2009, the fair value factor for Fund B was \$.54915 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

As of September 30, 2009, the Town had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Florida PRIME	\$ 5,068	33 days
Fund B	<u>144,597</u>	6.69 years
	<u>\$ 149,665</u>	

Interest Rate Risk

The Town has an investment policy of structuring the investment portfolio in such a manner as to provide sufficient liquidity to pay obligations as they come due. The Town's investment policy limits the maturities on individual investments to no more than five years.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments - Town (Continued)

Credit Risk

The Town's investment policy limits investments to the highest ratings issued by two of the nationally recognized statistical rating organizations (NRSRO) (Standard and Poor's and Moody's investment services). The Florida PRIME is rated AAAm by Standard and Poor's. The Fund B is not rated by an NRSRO.

Concentration of Credit Risk

The Town's investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. As of September 30, 2009, the value of each position held in the Town's portfolio is less than 5% in any one issuer.

Investments - Volunteer Firefighter's Pension Plan

Interest Rate Risk

Since all investments for the plan are in both outside managed open-end mutual funds (American Funds) and closed-end funds (Nuveen & Blackrock), and each has a mixture of both fixed income and equities within their portfolios, the information on the underlying fixed income securities is not available for disclosure. The risk related to these mutual funds is the extent of the interest rate risk on the underlying securities.

Credit Risk

All investments are limited to the highest ratings by two of the nationally recognized rating organizations (NRSRO) (Standard and Poor's and Moody's investment services). Investments in mutual fund equities with underlying fixed income securities are all rated AAA and AA.

Concentration of Credit Risk

The Plan's investment policy limits the investment in equities to no more than 70% of the funds assets at cost. GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. The investment in equities and mutual fund equities is 99.9%. Given the restriction to the highest rating, the additional concentration is not viewed to be an additional risk to the Plan.

NOTE 3. PROPERTY TAXES

Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 3. PROPERTY TAXES (Continued)

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax-assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the Town for the year ended September 30, 2009 was 3.9990 mills.

The tax levy of the Town is established by the Commission prior to October 1 of each year, and the County Property Appraiser incorporates the millage into the local tax levy, which includes Broward County, Broward County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All real and tangible personal property taxes are due and payable on November 1 each year. Broward County mails to each property owner on the assessment roll a notice of the taxes due and Broward County also collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Broward County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Broward County are provided for in the Laws of Florida. There were no material delinquent property taxes at September 30, 2009.

NOTE 4. RECEIVABLES

Receivables for the Town's individual major funds including the applicable allowances for uncollectible accounts as of September 30, 2009 are as follows:

	<u>General</u>	<u>Sewer</u>	<u>Parking</u>	<u>Total</u>
Receivables:				
Billed	\$ -	\$96,855	\$ 670	\$ 97,525
Utility tax	31,306	-	-	31,306
Intergovernmental	284,219	-	-	284,219
Other	<u>907</u>	<u>-</u>	<u>-</u>	<u>907</u>
Gross receivables	316,432	96,855	670	413,957
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$316,432</u>	<u>\$96,855</u>	<u>\$ 670</u>	<u>\$413,957</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 4. RECEIVABLES (Continued)

Unearned Revenues

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unearned revenue* reported in the governmental funds was as follows:

Occupational licenses	\$ 36,592
Planning advances	4,260
Advertisement advances	400
Right of way advances	41,414
Other	<u>23,952</u>
	<u>\$ 106,618</u>

NOTE 5. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2009 is as follows:

	Beginning Balance	Additions	Deductions	Transfer (2)	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,592,732	\$ -	\$ -	\$ -	\$ 1,592,732
Construction in process (1)	<u>10,401,618</u>	<u>57,671</u>	<u>(9,193,458)</u>	<u>-</u>	<u>1,265,831</u>
Total capital assets not being depreciated	<u>11,994,350</u>	<u>57,671</u>	<u>(9,193,458)</u>	<u>-</u>	<u>2,858,563</u>
Capital assets being depreciated:					
Buildings	4,139,702	-	-	-	4,139,702
Improvements other than buildings	6,968,847	746,589	-	3,282,083	10,997,519
Furniture, fixtures, machinery and equipment	801,913	-	(23,965)	-	777,948
Motor vehicles	518,907	71,136	-	-	590,043
Infrastructure	<u>5,856,936</u>	<u>57,860</u>	<u>(12,675)</u>	<u>-</u>	<u>5,902,121</u>
Total capital assets being depreciated	<u>18,286,305</u>	<u>875,585</u>	<u>(36,640)</u>	<u>3,282,083</u>	<u>22,407,333</u>
Less accumulated depreciation for:					
Buildings	802,061	68,349	-	-	870,410
Improvements other than buildings	929,604	249,433	-	2,823,878	4,002,915
Furniture, fixtures, machinery and equipment	403,980	61,029	(23,965)	-	441,044
Motor vehicles	278,773	67,632	-	-	346,405
Infrastructure	<u>3,987,169</u>	<u>112,451</u>	<u>(12,675)</u>	<u>-</u>	<u>4,086,945</u>
Total accumulated depreciation	<u>6,401,587</u>	<u>558,894</u>	<u>(36,640)</u>	<u>2,823,878</u>	<u>9,747,719</u>
Total capital assets being depreciated, net	<u>11,884,718</u>	<u>316,691</u>	<u>-</u>	<u>458,205</u>	<u>12,659,614</u>
Governmental activities capital assets, net	<u>\$ 23,879,068</u>	<u>\$ 374,362</u>	<u>\$ (9,193,458)</u>	<u>\$ 458,205</u>	<u>\$ 15,518,177</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 5. CAPITAL ASSETS (Continued)

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfer (2)</u>	Ending <u>Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 5,483,384	\$ -	\$ -	\$ -	\$ 5,483,384
Total capital assets not being depreciated	<u>5,483,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,483,384</u>
Capital assets being depreciated:					
Buildings and utility plant	<u>6,157,442</u>	<u>33,823</u>	<u>(34,083)</u>	<u>(3,282,083)</u>	<u>2,875,099</u>
Total capital assets being depreciated	<u>6,157,442</u>	<u>33,823</u>	<u>(34,083)</u>	<u>(3,282,083)</u>	<u>2,875,099</u>
Less accumulated depreciation for:					
Buildings and utility plant	<u>4,000,280</u>	<u>64,417</u>	<u>(34,083)</u>	<u>(2,823,878)</u>	<u>1,206,736</u>
Total capital assets being depreciated, net	<u>2,157,162</u>	<u>(30,594)</u>	<u>-</u>	<u>(458,205)</u>	<u>1,668,363</u>
Business-type activities capital assets, net	<u>\$ 7,640,546</u>	<u>\$ (30,594)</u>	<u>\$ -</u>	<u>\$ (458,205)</u>	<u>\$ 7,151,747</u>

(1) The \$9,193,458 deduction is an extension to the sanitary sewer system designed, constructed and paid for by the Town but ultimately owned and operated by another governmental unit. The sanitary sewer system was constructed within the Town, but as dictated by the signed agreement, once it was completed and approved, ownership transferred to the other governmental unit. This occurred during the fiscal year ended September 30, 2009.

(2) See Note 6 for a description of this transfer from business-type activities to governmental activities.

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 149,601
Public safety	20,932
Recreation	91,958
Roads and streets	222,968
Physical environment	<u>73,435</u>
Total depreciation expenses - governmental activities	<u>\$ 558,894</u>
Business-type activities:	
Sewer utility	\$ 52,916
Parking revenue improvement	<u>11,501</u>
Total depreciation expenses - business-type activities	<u>\$ 64,417</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. INTERFUND TRANSFERS

Interfund activity for the Town is summarized as follows for the year ended September 30, 2009:

Due to/from other funds

<u>Due To</u>	<u>Due From</u>		<u>Total</u>
	<u>General Fund</u>	<u>Parking Fund</u>	
General fund	\$ -	\$ 8	\$ 8
Parking Fund	<u>2,670</u>	<u>-</u>	<u>2,670</u>
	<u>\$2,670</u>	<u>\$ 8</u>	<u>\$2,678</u>

The purpose of the interfund balances is to provide operating funds.

Interfund transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>	<u>Transfer Purpose</u>
General fund	Capital fund	\$2,199,599	Fund Capital Improvement Projects
Parking revenue fund	General fund	165,645	Revenue Transfer
Stormwater utility fund	*	<u>458,205</u>	Close Fund
		<u>\$2,823,449</u>	

*During fiscal 2009, the Town transferred from the stormwater utility fund capital assets with a net book value of \$458,205 into the governmental activities. The general fund, with its current financial resources measurement focus, is unable to report the receipt of the asset resulting in an "unbalanced" transfer in the fund financial statements.

NOTE 7. LONG-TERM DEBT

Changes in long-term liabilities for the fiscal year ended September 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Promissory note	\$3,437,615	\$ -	\$(3,437,615)	\$ -	\$ -
Promissory note	3,377,218	-	(3,377,218)	-	-
Compensated absences	<u>174,186</u>	<u>232,106</u>	<u>(196,611)</u>	<u>209,681</u>	<u>20,968</u>
	<u>6,989,019</u>	<u>232,106</u>	<u>(7,011,444)</u>	<u>209,681</u>	<u>20,968</u>
Business activities:					
Promissory note	<u>1,685,889</u>	<u>-</u>	<u>(112,175)</u>	<u>1,573,714</u>	<u>116,671</u>
	<u>\$1,685,889</u>	<u>\$ -</u>	<u>\$ (112,175)</u>	<u>\$1,573,714</u>	<u>\$ 116,671</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 7. LONG-TERM DEBT (Continued)

Governmental Activities

Promissory Notes and Lines of Credit

In September 2001, the Town borrowed \$10,000,000 at a 4.629% interest rate from SunTrust Bank. This debt was restructured in order to obtain lower interest rates and to obtain additional funding for future capital expenditures authorized by the Town Commission in March 2003. In 2003, the Town refinanced the balance of \$8,775,833 at a 4.299% interest rate compounded quarterly from SunTrust Bank. This note was paid in full in September 2009.

In October 2005, the Town borrowed \$4,000,000 at a 4.1% interest rate compounded monthly from SunTrust Bank. The Town borrowed the funds to facilitate various capital improvement projects throughout the Town. This note was paid in full in September 2009.

Business-Type Activities

Promissory Notes

In October 2005, the Town borrowed \$2,000,000 at a 3.950% interest rate compounded monthly from SunTrust Bank. The funds will be used for major parking improvement projects and property acquisitions. The note is secured by the pledge of and lien on parking meter fees, fines and non-ad valorem revenues if a shortfall occurs. Parking meter fees have averaged approximately \$271,000 annually in the past seven years whereas parking fines have averaged approximately \$137,000 in the past three years. The total principal and interest remaining on the note is \$1,948,036, payable through June 2020. For the current year, principal and interest paid and net revenues were \$177,126 and \$481,439, respectively.

Annual debt service requirements to maturity on the enterprise notes are as follows:

	<u>\$2,000,000 Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2010	\$ 116,671	\$ 60,467	\$ 177,138
2011	121,348	55,789	177,137
2012	126,213	50,925	177,138
2013	131,273	45,865	177,138
2014	136,535	40,602	177,137
2015-2019	780,253	116,386	896,639
2020	161,421	4,288	165,709
Total	<u>\$1,573,714</u>	<u>\$374,322</u>	<u>\$1,948,036</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES

Interlocal Agreement

The Town entered into an interlocal agreement with Broward Sheriff's Office on February 23, 2001 with an effective date of March 1, 2001 for police services in the Town. The agreement is for a five (5) year period and can be renewed for an additional two periods of five (5) years each, for a total of fifteen (15) years, without further action of the parties, unless terminated by either party as provided in the agreement. During the year ended September 30, 2009, the Town paid \$2,822,331 under this agreement.

The Town entered into an interlocal agreement with Broward County Building and Permitting Division on July 27, 2004 to conduct plan examinations and inspection pursuant to the South Florida Building Code. The agreement shall continue in full force and effect unless written notice of termination by either party. During the year ended September 30, 2009, Broward County collected \$584,404 under this agreement and the Town received \$51,313 from Broward County for surcharges.

Litigation, Claims and Assessments

The Town is the defendant in four lawsuits containing Bert J. Harris, Jr. Private Property Rights Protection Act claims. One of the lawsuits also claims breach of a contract to install sanitary sewers. The Town is vigorously defending these claims, which have been consolidated as to liability under the Harris Act.

The Harris Act claims all generally assert that the Town deprived the private property owners of the reasonably expected investment-backed right to use their property due to land development regulations adopted by the Town. The Town has moved to dismiss all of the claims, and is awaiting a hearing on its motions. The possible exposure from these claims cannot be determined at this time except by reference to the claim amounts asserted by the property owner plaintiffs, which total to approximately \$21 million.

Grants

Grant monies received and disbursed by the Town are for specific purposes and may be subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other actions by grantor agencies. Based upon prior experience, the Town does not believe that such disallowances or other actions taken by the grantor agencies, if any, would have a material effect on the financial position of the Town.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. FLORIDA RETIREMENT SYSTEM

Plan Description

The Town participates in the Florida Retirement System (FRS), a defined benefit cost-sharing multiple employer Public Employee Retirement System (PERS). The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the PERS. Copies of the FRS's annual report for the year ended June 30, 2009 may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000. Payroll for Town employees covered by the System for the year ended September 30, 2009 was approximately \$1.7 million.

All full-time Town employees are eligible to participate in the FRS. Normal retirement is at 6 years of credited service and age 62 or at 30 years of credited service regardless of age for regular members.

Benefits vest after six years of credited service. Early retirement may be taken any time after vesting; however, there is a five percent benefit reduction for each year prior to normal retirement age or date. The FRS also provides disability and survivor benefits. Benefits are established by State statute.

Funding Policy

Employees are not required to contribute to the FRS. The Town is required to contribute a certain percentage of employee compensation per year.

The following are the required contributions and the percentage contributed by the Town for the current year and the preceding two years:

	<u>Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
Fiscal year ending September 30:			
2007	\$ 163,302	\$ 163,302	100%
2008	171,081	172,324	101%
2009	191,424	200,538	105%

NOTE 10. VOLUNTEER FIREFIGHTERS PENSION FUND

Plan Description

The Volunteer Firefighters Pension Plan is a single-employer Public Employee Retirement System (PERS) defined benefit pension plan. Volunteer firefighters do not receive salaries but receive incentive pay based on calls to which they respond. Participants should refer to the Plan documents for more complete information. A publicly available financial statement for the Plan can be obtained from the Board of Trustees, 255 Commercial Boulevard, Suite 200, Lauderdale-By-The-Sea, Florida.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Plan Description (Continued)

As of October 1, 2008, the date of the latest actuarial valuation, firefighters' membership data related to the Plan as stated in the actuarial valuation was as follows:

Retirees and beneficiaries currently receiving benefits and former volunteers entitled to receive benefits but not yet receiving them	<u>8</u>
Current volunteers:	
Fully vested	4
Non-vested	<u>75</u>
	<u>79</u>

All volunteer firefighters of the Town are eligible for membership in the Plan; eligibility is determined by a point system whereby a firefighter must accumulate 30 points during a Plan year to be credited for one year of service. Points are accumulated by attendance at meetings, drills, fires and false alarms. Normal retirement is at age 55 and 10 years of credited service. The benefit is \$10 per month for each year of credited service payable in a life annuity, with other options available. Disability benefits are available for total and permanent disability payable at \$10 per month for each year of credited service. Death benefits are available under the same terms as normal retirement benefits.

Basis of Accounting

The Volunteer Firefighters Pension Plan (the Plan) financial statements are prepared on the accrual basis of accounting. All contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements.

Investments

Investments, which consist primarily of mutual funds, are carried at fair value. Interest is recognized when earned. Purchases and sales are recorded on a trade-date basis.

Within certain limitations as specified in the Plan, the investment policy is approved by the Commission as recommended by the Board of Trustees and is implemented by the Plan's investment advisor.

Funding Policy

Firefighters are not required to contribute to the Plan but may voluntarily do so. Contributions from the State of Florida are based on the amount of fire insurance premiums written by private insurers on property within Town limits. The Town is required to contribute if there is any shortfall between the State's contributions and funding requirements of the Plan.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Funding Policy (Continued)

Funding is based on actuarial determined required contributions using the aggregate actuarial cost method. The annual required contribution for the year ended September 30, 2009 was determined by the October 1, 2008 actuarial valuation. The State contributions are received by the Town and are recorded as a revenue and expenditure in the General Fund and remitted to the Volunteer Fire Department treasurer for deposit to the pension bank account. This amount totaled \$82,649 for the year ended September 30, 2009.

Funding Status and Funding Progress

The funded status of the plan as of October 1, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a,b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2008	\$ 412,514	\$ 273,795	\$(138,719)	150.7%	\$ 111,182	-124.8%

*For purposes of this schedule, the AAL for the Plan is determined using the entry age actuarial cost method. Note that the ARC for the Plan is calculated using the aggregate actuarial cost method.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2008
Contribution Rates:	
Employer and State	27.59%
Plan Members	5.00%
Actuarial cost method	Aggregate
Amortization method	NA
Remaining amortization period	NA
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	5.5%
Includes inflation and other general increases at	3.0%
Cost of living adjustments	NA

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Annual Pension Cost and Net Pension Asset

The annual pension cost and net pension asset as of the latest actuarial valuation is as follows:

Annual required contribution	\$ 30,674
Interest on net pension asset	(4,464)
Adjustment to annual required contribution	<u>(5,846)</u>
Annual pension cost	32,056
Contributions made	<u>(30,372)</u>
Increase in net pension asset	1,684
Net pension asset, beginning of year	<u>(63,710)</u>
Net pension asset, end of year	<u>\$ (62,026)</u>

The annual required contribution for 2009 was determined as part of the most recent actuarial report dated October 1, 2008, using the aggregate actuarial cost method. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan.

Trend Information			
Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Asset</u>
9/30/2007	\$ 38,039	96.3%	\$ 65,018
9/30/2008	15,488	100.0%	63,710
9/30/2009	32,056	100.0%	62,026

NOTE 11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Town carries commercial insurance. There were no significant reductions in insurance coverage from coverages in the prior year. The Town provides employee medical benefits through commercial insurance coverage. Settlements during the previous three years did not exceed insurance coverage.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Property taxes and fire assessments	\$9,078,404	\$ 9,078,404	\$ 9,195,526	\$ 117,122
Franchise fees and utility taxes	1,602,216	1,602,216	1,765,462	163,246
Intergovernmental	1,048,774	1,048,774	989,834	(58,940)
Fines and forfeitures	190,679	190,679	253,958	63,279
Charges for services	136,668	136,668	159,131	22,463
Interest	290,252	290,252	17,013	(273,239)
Licenses and permits	142,527	142,527	154,835	12,308
Grants	96,215	96,215	95,714	(501)
Miscellaneous revenues	116,260	116,260	73,158	(43,102)
Total revenues	<u>12,701,995</u>	<u>12,701,995</u>	<u>12,704,631</u>	<u>2,636</u>
Expenditures:				
Current:				
General government	2,609,043	2,552,598	1,803,315	749,283
Public safety	5,039,575	5,039,575	4,774,384	265,191
Roads and streets	1,498,587	1,499,503	1,272,675	226,828
Recreation	468,406	469,406	307,685	161,721
Physical environment	383,030	401,030	311,328	89,702
Capital outlay	311,502	348,031	318,087	29,944
Debt service:				
Principal retirement	222,764	5,995,206	5,995,205	1
Interest and fiscal charges	135,134	448,759	448,758	1
Total expenditures	<u>10,668,041</u>	<u>16,754,108</u>	<u>15,231,437</u>	<u>1,522,671</u>
Other financing sources (uses):				
Transfers in	165,645	165,645	165,645	-
Transfers out	<u>(2,199,599)</u>	<u>(2,199,599)</u>	<u>(2,199,599)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,033,954)</u>	<u>(2,033,954)</u>	<u>(2,033,954)</u>	<u>-</u>
Net change in fund balances	\$ -	\$ (6,086,067)	\$ (4,560,760)	\$ 1,525,307

See note to budgetary comparison schedule.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

NOTE TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual appropriated budgets are adopted for all governmental funds on a basis consistent with accounting principles generally accepted in the United States.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The Town Manager submits to the Commission a proposed operating and capital budget for the ensuing fiscal year. The budget includes proposed expenditures and the means of financing them.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (d) The Town Commission, by motion, may make supplemental appropriations for the year.
- (e) Formal budgetary integration is employed as a management control device during the year for the general fund.
- (f) The Town Manager is authorized to transfer part or all of an unencumbered appropriation balance within a fund; however, any revisions that alter the total appropriations of any fund must be approved by the Town Commission. The classification detail at which expenditures may not legally exceed appropriations is at the fund level.
- (g) Unencumbered appropriations lapse at fiscal year end. Unencumbered amounts are reappropriated in the following year's budget.
- (h) Budgeted amounts are as originally adopted or as amended. There was \$6,086,067 of supplemental appropriations in the General Fund during the year ended September 30, 2009.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

RETIREMENT PLAN FOR VOLUNTEER FIREFIGHTERS

<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Amounts Contributed</u>	<u>Percentage Contributed</u>
2004	\$ 24,664	\$ 36,161	146.6%
2005	35,120	37,145	105.8%
2006	43,382	35,281	81.3%
2007	36,648	36,648	100.0%
2008	15,488	1,961	12.7%
2009	30,674	30,372	99.0%

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

SEPTEMBER 30, 2009

RETIREMENT PLAN FOR VOLUNTEER FIREFIGHTERS

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL - Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c
10/1/2003	\$ 230,470	\$ 257,129	\$ 26,659	89.6%	NA	NA
10/1/2004	321,168	374,168	53,000	85.8%	\$ 250,205	21.2%
10/1/2005	370,278	368,144	(2,134)	100.6%	225,310	(0.9)%
10/1/2006	470,369	396,486	(73,883)	118.6%	249,866	(29.6)%
10/1/2007	579,283	351,231	(228,052)	164.9%	198,451	(114.9)%
10/1/2008	412,514	273,795	(138,719)	150.7%	111,182	(124.8)%

GASBS No. 50, Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27, requires plans using the aggregate actuarial cost method to also prepare information about the funded status and funding progress using the entry age actuarial cost method. Plans are required to disclose that because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial unfunded actuarial liabilities, information about the funded status and funding progress has been prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GOVERNMENTAL FUND TYPES

GENERAL FUND

The General Fund is the principal operating fund of the Town and is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

GENERAL FUND COMPARATIVE BALANCE SHEETS

SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$6,230,796	\$10,448,502
Investments	144,597	254,330
Receivables	316,432	344,682
Due from other funds	8	152,587
Prepaid items	186,810	179,049
Total assets	<u>\$6,878,643</u>	<u>\$11,379,150</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Vouchers payable and accrued liabilities	\$ 159,886	\$ 107,895
Due to other funds	2,670	1,531
Deferred revenue	106,618	92,042
Deposits	6,855	14,308
Total liabilities	<u>276,029</u>	<u>215,776</u>
Fund balance:		
Reserved for prepaid items	186,810	179,049
Unreserved:		
Designated for:		
Emergencies	2,329,648	2,335,226
Vehicle and equipment reserve	182,792	181,245
Capital assets	1,650,742	1,226,876
Subsequent years' expenditures	-	-
Fire assessment	63,273	-
Undesignated	<u>2,189,349</u>	<u>7,240,978</u>
Total fund balance	<u>6,602,614</u>	<u>11,163,374</u>
Total liabilities and fund balance	<u>\$6,878,643</u>	<u>\$11,379,150</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

BUDGET AND ACTUAL SCHEDULES

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Grants	\$ 176,548	\$ 176,548	\$ 176,548	\$ -
Interest and other	29,079	29,079	15,577	(13,502)
Miscellaneous	-	-	1,000,000	1,000,000
Total revenues	<u>205,627</u>	<u>205,627</u>	<u>1,192,125</u>	<u>986,498</u>
Expenditures:				
Current:				
General government	215,261	215,261	-	215,261
Capital outlay	1,275,195	1,275,195	804,260	470,935
Debt service:				
Principal	1,322,592	1,322,592	819,628	502,964
Interest	266,990	266,990	102,091	164,899
Total expenditures	<u>3,080,038</u>	<u>3,080,038</u>	<u>1,725,979</u>	<u>1,354,059</u>
Deficiency of revenues over expenditures	<u>(2,874,411)</u>	<u>(2,874,411)</u>	<u>(533,854)</u>	<u>2,340,557</u>
Other financing sources:				
Transfers in	2,199,599	2,199,599	2,199,599	-
Carryover	674,812	674,812	-	(674,812)
Total other financing sources	<u>2,874,411</u>	<u>2,874,411</u>	<u>2,199,599</u>	<u>(674,812)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,665,745</u>	<u>\$ 1,665,745</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUND POLICE TRAINING AND FORFEITURE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 122	\$ 122
Interest and other	<u>13,762</u>	<u>13,762</u>	<u>1,231</u>	<u>(12,531)</u>
Total revenues	<u>13,762</u>	<u>13,762</u>	<u>1,353</u>	<u>(12,409)</u>
Expenditures:				
Current:				
Public safety	1,500	1,500	-	1,500
Capital outlay	<u>15,827</u>	<u>15,827</u>	<u>15,806</u>	<u>21</u>
Total expenditures	<u>17,327</u>	<u>17,327</u>	<u>15,806</u>	<u>1,521</u>
Deficiency of revenues over expenditures	(3,565)	(3,565)	(14,453)	10,888
Other financing sources:				
Carryover	<u>3,565</u>	<u>3,565</u>	<u>-</u>	<u>3,565</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,453)</u>	<u>\$ 14,453</u>

STATISTICAL SECTION

This part of the Town of Lauderdale-By-The-Sea's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. These schedules include:	47-53
Revenue Capacity	
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	54-57
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	58-60
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	61-62
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	63-65

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 1

NET ASSETS BY COMPONENT
 LAST SEVEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:							
Invested in capital assets, net of related debt	\$ 8,288	\$ 6,585	\$ 5,736	\$ 380	\$11,756	\$17,822	\$15,518
Restricted for law enforcement	-	-	-	-	-	-	291
Unrestricted	<u>3,652</u>	<u>7,145</u>	<u>10,156</u>	<u>19,993</u>	<u>13,473</u>	<u>11,901</u>	<u>9,421</u>
Total governmental activities net assets	<u>11,940</u>	<u>13,730</u>	<u>15,892</u>	<u>20,373</u>	<u>25,229</u>	<u>29,723</u>	<u>25,230</u>
Business-type activities:							
Invested in capital assets, net of related debt	2,328	2,734	3,782	4,518	6,156	5,955	5,578
Unrestricted	<u>1,366</u>	<u>1,749</u>	<u>1,615</u>	<u>2,759</u>	<u>2,818</u>	<u>1,839</u>	<u>1,853</u>
Total business-type activities net assets	<u>3,694</u>	<u>4,483</u>	<u>5,397</u>	<u>7,277</u>	<u>8,974</u>	<u>7,794</u>	<u>7,431</u>
Primary government:							
Invested in capital assets, net of related debt	10,616	9,319	9,518	4,898	17,912	23,777	21,096
Restricted for law enforcement	-	-	-	-	-	305	291
Unrestricted	<u>5,018</u>	<u>8,894</u>	<u>11,771</u>	<u>22,752</u>	<u>16,291</u>	<u>13,435</u>	<u>11,274</u>
Total primary government net assets	<u>\$15,634</u>	<u>\$18,213</u>	<u>\$21,289</u>	<u>\$27,650</u>	<u>\$34,203</u>	<u>\$37,517</u>	<u>\$32,661</u>

The Town-of-Lauderdale-By-The-Sea implemented GASB 34 in fiscal year 2003. Prior to that date, this data was not maintained.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 2

CHANGES IN NET ASSETS
 LAST SEVEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (AMOUNTS EXPRESSED IN THOUSANDS)

	2003	2004	2005	2006	2007	2008	2009
Expenses:							
Governmental activities:							
General government	\$ 1,625	\$ 1,914	\$ 1,642	\$ 2,294	\$ 1,828	\$ 1,981	\$ 2,153
Public safety	3,506	6,082	5,831	5,835	6,193	6,426	4,795
Roads and streets	868	1,276	1,522	1,442	1,430	1,286	1,383
Recreation	277	367	435	436	486	483	400
Physical environment	107	138	148	175	206	313	539
Interest on long-term debt	430	406	404	570	491	458	551
Total governmental activities	<u>6,813</u>	<u>10,183</u>	<u>9,982</u>	<u>10,752</u>	<u>10,634</u>	<u>10,947</u>	<u>9,821</u>
Business-type activities:							
Sewer	1,012	817	888	928	1,011	1,008	1,062
Stormwater	66	126	61	80	190	229	-
Parking	147	83	92	77	174	376	201
Interest on long-term debt	-	-	-	114	-	-	-
Total business-type activities	<u>1,225</u>	<u>1,026</u>	<u>1,041</u>	<u>1,199</u>	<u>1,375</u>	<u>1,613</u>	<u>1,263</u>
Total primary government	<u>\$8,038</u>	<u>\$11,209</u>	<u>\$11,023</u>	<u>\$11,951</u>	<u>\$12,009</u>	<u>\$12,560</u>	<u>\$11,084</u>
Program revenues:							
Governmental activities:							
Charges for services:							
General government	\$ 63	\$ 574	\$ 802	\$ 984	\$ 898	\$ 826	\$ 799
Public safety	138	271	8	4	2,048	6	-
Roads and streets	943	1,002	887	570	392	215	299
Recreation	4	6	6	6	5	6	6
Physical environment	7	50	53	78	123	118	19
Operating grants and contributions	530	265	140	1,397	34	26	71
Capital grants and contributions	28	61	74	919	121	97	1,201
Total governmental activities program revenues	<u>1,713</u>	<u>2,229</u>	<u>1,970</u>	<u>3,958</u>	<u>3,621</u>	<u>1,294</u>	<u>2,395</u>
Business type activities:							
Charges for services:							
Sewer	1,111	1,176	1,054	1,001	1,009	1,099	1,002
Stormwater	-	-	36	197	218	-	-
Parking	51	67	99	432	642	603	481
Capital grants and contributions	-	-	-	-	-	-	34
Total business-type activities program revenues	<u>1,162</u>	<u>1,243</u>	<u>1,189</u>	<u>1,630</u>	<u>1,869</u>	<u>1,702</u>	<u>1,517</u>
Total primary government program revenues	<u>\$2,875</u>	<u>\$ 3,472</u>	<u>\$ 3,159</u>	<u>\$ 5,588</u>	<u>\$ 5,490</u>	<u>\$ 2,996</u>	<u>\$ 3,912</u>

(Continued)

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 2
(Continued)CHANGES IN NET ASSETS
(Continued)
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net (expense) revenue:							
Governmental activities	\$ (5,100)	\$ (7,954)	\$ (8,012)	\$ (6,794)	\$ (7,013)	\$ (9,652)	\$ (7,425)
Business-type activities	<u>(63)</u>	<u>217</u>	<u>148</u>	<u>431</u>	<u>494</u>	<u>88</u>	<u>254</u>
Total primary government net expense	<u>\$ (5,163)</u>	<u>\$ (7,737)</u>	<u>\$ (7,864)</u>	<u>\$ (6,363)</u>	<u>\$ (6,519)</u>	<u>\$ (9,564)</u>	<u>\$ (7,171)</u>
General revenues and other changes in net assets:							
Governmental activities:							
Property taxes and fire assessments	5,531	7,833	8,565	9,937	\$ 9,029	\$ 10,092	\$ 9,196
Utility taxes based on gross receipts	-	-	-	-	844	907	943
Franchise fees based on gross receipts	-	-	-	-	777	817	822
Franchise fees on gross receipts and utility taxes	1,299	1,325	1,368	1,438	-	-	-
Communication services tax	-	-	372	350	353	358	434
Intergovernmental	1,320	697	-	-	-	-	-
Unrestricted Interest earnings	691	171	593	637	790	428	34
Miscellaneous	210	223	4	240	172	171	73
Transfers	(526)	(560)	(728)	(1,327)	(744)	1,375	624
Special item - contribution to other governmental unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,194)</u>
Total governmental activities	<u>8,525</u>	<u>9,689</u>	<u>10,174</u>	<u>11,275</u>	<u>11,221</u>	<u>14,148</u>	<u>2,932</u>
Business-type activities:							
Unrestricted Interest earnings	13	12	36	122	126	73	7
Gain on sale of assets	-	-	-	-	-	33	-
Transfers	<u>526</u>	<u>560</u>	<u>728</u>	<u>1,327</u>	<u>744</u>	<u>(1,375)</u>	<u>(624)</u>
Total business-type activities	<u>539</u>	<u>572</u>	<u>764</u>	<u>1,449</u>	<u>870</u>	<u>(1,269)</u>	<u>(617)</u>
Total primary government	<u>\$ 9,064</u>	<u>\$ 10,261</u>	<u>\$ 10,938</u>	<u>\$ 12,724</u>	<u>\$ 12,091</u>	<u>\$ 12,879</u>	<u>\$ 2,315</u>
Changes in net assets:							
Government activities	\$ 3,425	\$ 1,735	\$ 2,162	\$ 4,481	\$ 4,208	\$ 4,496	\$ (4,493)
Business-type activities	<u>476</u>	<u>789</u>	<u>912</u>	<u>1,880</u>	<u>1,364</u>	<u>(1,181)</u>	<u>(363)</u>
Total primary government	<u>\$ 3,901</u>	<u>\$ 2,524</u>	<u>\$ 3,074</u>	<u>\$ 6,361</u>	<u>\$ 5,572</u>	<u>\$ 3,315</u>	<u>\$ (4,856)</u>

The Town-of-Lauderdale-By-The-Sea implemented GASB 34 in fiscal year 2003. Prior to that date, this data was not maintained.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 3

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST SEVEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Fiscal Year</u>	Ad Valorem Taxes and Fire Assessment <u>Fees</u>	Franchise Fees on <u>Services</u>	Utility <u>Tax</u>	Communications Service <u>Tax</u>	Transportation <u>Tax</u>	<u>Total</u>
2003	\$ 5,176	\$ 536	\$ 763	\$ 468	\$ 167	\$7,110
2004	5,757	565	760	376	120	7,578
2005	6,546	583	785	372	119	8,405
2006	7,855	655	782	350	119	9,761
2007	9,029	777	844	353	116	11,119
2008	9,096	817	907	358	106	11,284
2009	9,196	822	943	434	109	11,504

The Town-of-Lauderdale-By-The-Sea implemented GASB 34 in fiscal year 2003. Prior to that date, this data was not maintained.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 4

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING) (AMOUNTS EXPRESSED IN THOUSANDS)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56	\$ 60	\$ 179	\$ 187
Unreserved, designated	2,443	1,346	1,368	2,070	2,475	3,389	3,310	5,222	3,743	4,247
Unreserved, undesignated	302	1,090	1,796	2,676	3,818	4,374	9,451	8,740	7,241	2,169
Total general fund	<u>\$2,745</u>	<u>\$ 2,436</u>	<u>\$3,164</u>	<u>\$4,746</u>	<u>\$6,293</u>	<u>\$7,763</u>	<u>\$12,817</u>	<u>\$14,022</u>	<u>\$11,163</u>	<u>\$6,603</u>
All other governmental funds:										
Unreserved, undesignated (1)	\$1,403	\$ 5,224	\$9,750	\$9,832	\$3,005	\$2,880	(2)	(2)	(2)	(2)
Special revenue funds	-	-	-	-	-	-	363	378	301	140
Capital project funds	-	-	-	-	-	-	550	(222)	-	1,805
Unreserved, designated:										
Special revenue funds	13	39	-	-	-	-	-	-	4	151
Capital project funds	31	6,296	-	-	4,415	6,047	6,187	6,596	1,300	1,161
Total all other governmental funds	<u>\$1,447</u>	<u>\$11,559</u>	<u>\$9,750</u>	<u>\$9,832</u>	<u>\$7,420</u>	<u>\$8,927</u>	<u>\$ 7,100</u>	<u>\$ 6,752</u>	<u>\$ 1,605</u>	<u>\$3,257</u>

(1) Information on unreserved fund balance by type not required to be presented prior to 2006, therefore presented here in total.

(2) Information on unreserved fund balance shown by fund type and not in total for 2006 forward.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE 5

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues:										
Property taxes and fire assessments	\$ 9,195,526	\$ 10,092,717	\$ 11,070,231	\$ 9,936,889	\$ 8,565,376	\$ 7,833,400	\$ 5,531,092	\$ 4,814,157	\$ 1,940,633	\$ 1,649,463
Franchise fees and utility taxes	1,765,462	1,723,546	1,621,017	1,436,887	1,367,937	1,324,511	1,298,731	1,278,311	1,002,015	886,470
Parking meters	-	-	-	-	-	-	-	-	522,205	529,239
Intergovernmental	989,834	1,036,497	1,105,240	1,117,108	1,029,253	1,236,821	1,326,982	732,080	380,643	326,690
Fines and forfeitures	254,080	245,270	261,746	484,816	451,109	584,927	522,436	599,220	452,617	468,163
Charges for services	159,131	79,196	209,990	198,798	540,762	696,934	558,188	559,787	31,937	571,127
Interest and other	33,821	427,693	790,138	637,029	593,123	170,729	690,604	382,058	319,334	184,351
Licenses and permits	154,835	167,373	200,610	191,363	106,684	80,573	67,035	66,369	95,132	61,444
Grants	272,262	123,155	154,875	1,475,654	213,335	325,481	558,331	41,638	21,506	30,813
Municipal fuel tax rebate	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	1,073,158	170,782	172,465	240,127	4,258	223,720	76,599	-	-	-
Total revenues	13,898,109	14,066,229	15,586,312	15,718,671	12,871,837	12,477,096	10,629,998	8,473,620	4,766,022	4,707,760
Expenditures:										
Current:										
General government	1,803,315	1,566,541	1,931,495	2,174,935	1,550,657	1,528,070	1,461,860	1,219,149	1,139,701	802,030
Public safety	4,774,384	6,419,902	6,174,381	5,800,530	5,794,821	6,026,492	3,398,569	3,049,746	1,870,874	1,525,215
Roads and streets	1,272,675	1,185,116	1,226,939	1,215,885	1,373,894	1,131,320	868,121	802,256	628,133	608,384
Economic	-	-	-	-	-	-	-	-	1,688	-
Recreation	307,685	397,597	400,533	349,687	364,797	300,690	277,542	210,875	235,500	98,259
Physical environment	311,328	167,986	174,499	146,417	104,002	103,193	107,469	69,301	55,664	839,574
Capital outlay	1,138,153	8,974,468	1,474,802	3,034,637	1,140,175	1,998,326	3,444,555	1,471,042	138,097	538,306
Debt service:										
Principal	6,814,833	4,275,881	2,129,786	1,835,615	1,384,254	1,291,439	1,161,654	829,951	22,601	-
Interest	550,849	458,103	491,596	607,376	403,442	406,104	429,724	464,295	16,759	-
Total expenditures	16,973,222	23,445,594	14,004,031	15,165,082	12,116,042	12,785,634	11,149,494	8,116,615	4,109,017	4,411,768
Excess (deficiency) of revenues over expenditures	(3,075,113)	(9,379,365)	1,582,281	553,589	755,795	(308,538)	(519,496)	357,005	657,005	295,992
Other financing sources (uses):										
Issuance of notes payable and capital leases	-	-	-	-	-	-	2,712,658	28,281	10,000,000	42,208
Transfers in	2,365,244	6,340,968	2,711,647	1,927,969	1,393,519	1,179,854	1,795,944	1,984,776	1,727,400	1,262,459
Transfers out	(2,199,599)	(4,966,393)	(3,456,105)	(3,254,565)	(2,121,866)	(1,739,771)	(2,321,745)	(2,447,042)	(1,953,962)	(1,262,459)
Debt issued	-	-	-	4,000,000	2,950,000	-	-	-	-	-
Total other financing sources (uses)	165,645	1,374,575	(744,458)	2,673,404	2,221,653	(559,917)	2,186,857	(433,985)	9,773,438	42,208
Net change in fund balances	(2,909,468)	(8,004,790)	837,823	3,226,993	2,977,448	(868,455)	1,667,361	(76,980)	10,430,443	338,200
Fund balances - beginning	12,769,322	20,774,112	19,936,289	16,690,028	13,712,581	14,581,036	12,913,675	12,990,654	4,191,916	2,340,445
Residual equity transfer	-	-	-	-	-	-	-	-	(624,980)	-
Fund balances - ending	\$ 9,859,854	\$ 12,769,322	\$ 20,774,112	\$ 19,917,021	\$ 16,690,029	\$ 13,712,581	\$ 14,581,036	\$ 12,913,674	\$ 13,997,379	\$ 2,678,645
Debt service as a percentage of noncapital expenditures	45.92%	32.71%	20.92%	20.14%	16.29%	15.74%	20.65%	19.48%	0.99%	0.00%

TOWN OF LAUDERDALE-BY-TH-SEA, FLORIDA

TABLE 6

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) LAST TEN FISCAL YEARS

Fiscal Year	Property Taxes and Fire Assessment Fees	Franchise Fees and Utility Taxes	Parking Meters	Licenses and Permits	Inter- Government	Charges for Services	Fines and Forfeitures	Interest and Other		Total
								Grants	Other	
2000	\$1,649,463	\$ 886,470	\$ 529,239	\$ 61,444	\$ 326,690	\$ 571,127	\$ 468,163	\$ 30,813	\$ 184,351	\$4,707,760
2001	1,940,633	1,002,015	522,205	95,132	380,643	31,937	452,617	21,506	319,334	4,766,022
2002	4,814,157	1,278,311	496,185	66,369	732,080	63,601	599,220	41,638	382,058	8,473,620
2003	5,531,092	1,298,731	484,563	67,035	1,326,982	73,625	522,436	558,331	767,203	10,629,998
2004	7,833,400	1,324,511	526,748	80,573	1,236,821	170,186	584,927	325,481	394,449	12,477,096
2005	8,565,376	1,367,937	478,406	106,684	1,029,253	62,356	451,109	213,335	597,381	12,871,837
2006	9,936,889	1,436,887	146,804	191,363	1,117,108	51,994	484,816	1,475,654	877,156	15,718,671
2007	11,070,231	1,621,017	137,561	200,610	1,105,240	72,429	261,746	154,875	962,603	15,586,312
2008	10,092,717	1,723,546	55,448	167,373	1,036,497	23,748	245,270	123,155	598,475	14,066,229
2009	9,195,526	1,765,462	118,431	154,835	989,834	40,700	254,080	272,262	1,106,979	13,898,109

(1) Governmental Fund Types: General, Special Revenue and Capital Projects.

Note: From fiscal year September 30, 2002 and forward, parking meter revenue is reflected in charges for services as included in the government-wide financial statements. However, for the purpose of this table, we have separated parking meter revenue. For the fiscal year September 30, 2006, business parking meter revenue is reported in the Parking Revenue Improvement Funds.

From fiscal year September 30, 2001 and forward, sewer fees are reflected in the Sewer Fund as included in the Statement of Revenue, Expenses and Changes in Net Assets for the Proprietary Funds.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 7

PRELIMINARY RECAPITULATION OF THE AD VALOREM ASSESSMENT ROLLS
LAST TEN FISCAL YEARS

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Exemptions		Assessed Property Value	Final Actual Taxable Value	(1) Total Direct Tax Rate
			Real	Personal			
2000	\$ 497,729,400	\$ 15,279,811	\$40,565,170	\$ 13,514	\$ 472,430,527	\$ 526,839,586	3.8500
2001	560,251,790	12,958,060	46,356,830	13,434	526,839,586	994,182,340	3.8500
2002	1,162,796,770	13,701,721	62,867,630	2,634	1,113,628,227	1,141,197,502	4.7000
2003	1,333,494,270	14,684,976	67,100,270	2,634	1,281,076,342	1,259,147,591	4.7000
2004	1,504,774,160	16,453,097	72,512,650	2,634	1,448,711,973	1,453,739,511	4.7000
2005	2,107,212,880	15,785,123	77,200,430	2,700	2,045,794,873	1,728,223,953	4.7000
2006	2,689,777,920	17,527,962	82,761,920	2,700	2,624,541,262	2,140,677,012	4.7000
2007	2,395,129,720	16,740,144	88,825,630	1,564	2,323,042,670	2,321,656,228	4.1012
2008	2,325,239,690	16,120,707	147,379,890	3,786,923	2,190,193,584	2,116,655,262	3.9990
2009	2,141,321,800	15,575,063	147,738,830	3,582,380	2,005,575,653	1,935,973,843	3.9990

Source: Broward County, Florida, Property Appraiser

(1) From Table 10.

TOWN OF LAUDERDALE-BY-THA-SEA, FLORIDA

TABLE 8

PRINCIPAL PROPERTY TAXPAYERS

SEPTEMBER 30, 2009

	Taxpayer	Type of Use	2009			2000		
			Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Pier Point LLC		Condominiums	\$17,063,210	1	0.73%	N/A	N/A	N/A
Minto-Villas-by-the-Sea LLC		Condominiums	13,891,580	2	0.60%	N/A	N/A	N/A
Ocean 4660 LLC		Hotel	13,053,500	3	0.56%	N/A	N/A	N/A
VCH Properties LLC		Hotel	12,116,890	4	0.52%	N/A	N/A	N/A
Chateau De Mer LLC		Condominiums	8,061,360	5	0.35%	N/A	N/A	N/A
Edmondson, James P. - Seawatch		Restaurant	7,123,630	6	0.31%	N/A	N/A	N/A
White Cap of FL, Inc.		Condominiums	6,643,560	7	0.29%	N/A	N/A	N/A
Villas of Caprice LLC		Condominiums	6,501,770	8	0.28%	N/A	N/A	N/A
Little Italy Oceanside		Condominiums	6,020,390	9	0.26%	N/A	N/A	N/A
Costa Del Sol, Inc.		Condominiums	520,510	10	0.02%	N/A	N/A	N/A

Source: Tax Roll of Broward County, Florida

Note: Information for 2000 was not available

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 9

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Tax Levy	Current Tax Collected	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2000	\$ 1,896,353	\$ 1,940,633	102.34%	\$ -	\$ 1,940,633	102.34%
2001	4,447,344	4,500,815	101.20%	-	4,500,815	101.20%
2002	5,095,447	5,175,981	101.58%	-	5,175,981	101.58%
2003	5,686,237	5,757,106	101.25%	-	5,757,106	101.25%
2004	6,490,947	6,545,557	100.84%	-	6,545,557	100.84%
2005	7,716,520	7,855,365	101.80%	-	7,855,365	101.80%
2006	8,864,711	9,028,855	101.85%	---	9,028,855	101.85%
2007	9,565,704	9,087,410	95.00%	9	9,087,419	95.00%
2008	9,636,602	9,094,308	94.37%	1,707	9,096,015	94.39%
2009	8,077,919	8,176,504	101.22%	-	8,176,504	101.22%

Source: Town of Lauderdale-By-The-Sea budget

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 10

PROPERTY TAX RATES (PER \$1,000) DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Fiscal Year	State Special Districts									
	South					North				
	Lauderdale By-The-Sea	Broward County	Broward County Schools	Florida Inland Navigation	Florida Water Management	Broward Hospital	Broward Hillsboro	Inlet	Total	
2000	3.8500	7.5270	8.9553	0.0410	0.6970	2.4803	0.1036	0.1036	23.6542	
2001	3.8500	7.5250	8.5410	0.0410	0.6970	2.4803	0.1036	0.1036	23.2379	
2002	4.7000	7.3650	8.8825	0.0385	0.6970	2.4803	0.1170	0.1170	24.2803	
2003	4.7000	7.1880	8.4176	0.0385	0.6970	2.5000	0.2490	0.2490	23.7901	
2004	4.7000	7.0230	8.2695	0.0385	0.6970	2.4803	0.1845	0.1845	23.3928	
2005	4.7000	6.7830	8.0623	0.0385	0.6970	2.1746	0.1845	0.1845	22.6399	
2006	4.7000	6.0661	7.8687	0.0385	0.6970	1.8317	0.1170	0.1170	21.3190	
2007	4.1012	5.2868	7.6484	0.0345	0.6240	1.6255	0.4432	0.4432	19.7636	
2008	3.9990	5.3145	7.4170	0.0345	0.6240	1.7059	0.4614	0.4614	19.5563	
2009	3.9990	5.8132	7.4310	0.0345	0.6240	1.7059	0.0860	0.0860	19.6936	

Source: Broward County, Florida, Property Appraiser

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 11

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO
TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt</u>
2000	\$ -	\$ -	\$ -	\$ 5,674,227	0.00%
2001	22,601	16,759	39,360	6,062,979	0.65%
2002	829,951	464,295	1,294,246	10,563,657	12.25%
2003	1,161,654	429,724	1,591,378	13,471,239	11.81%
2004	1,291,439	406,104	1,697,543	14,525,405	11.69%
2005	1,384,254	403,442	1,787,696	14,237,908	12.56%
2006	1,835,615	607,376	2,442,991	18,419,647	13.26%
2007	2,129,786	491,596	2,621,382	17,460,136	15.01%
2008	4,275,881	458,103	4,733,984	28,411,987	16.66%
2009	6,814,833	550,849	7,365,682	19,172,821	38.42%

(1) No general obligation debt 2000-2002. Promissory note obligation 2000-2002.

(2) Includes general, special, and capital projects funds, and transfers out.

TOWN OF LAUDERDALE-BY-TH-SEA, FLORIDA

TABLE 12

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST SEVEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities				Per Capita	Personal Income	Percentage of Personal Income
	Promissory Notes	Line of Credit	Capital Leases	Promissory Notes	Primary Government	Population (1)				
2003	\$10,771,086	\$ 48,381	\$103,189	\$ 375,134	\$11,297,790	11,350		995	\$ 39,004	0.35%
2004	9,485,165	41,800	61,816	-	9,588,781	9,800		978	23,170	0.24%
2005	11,093,058	-	-	-	11,093,058	9,800		1,132	29,314	0.26%
2006	10,561,894	2,658,606	-	2,847,397	16,067,897	9,800		1,640	29,935	0.19%
2007	11,090,714	-	-	2,691,644	13,782,358	9,800		1,406	36,595	0.27%
2008	6,814,833	-	-	1,685,889	8,500,722	9,800		867	38,944	0.46%
2009	-	-	-	1,573,714	1,573,714	9,800		161	39,267	2.50%

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) Information prior to 2003 is unavailable.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 13

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS

SEPTEMBER 30, 2009

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding September 30, 2009</u>	<u>Percent of Debt Applied to Town of Lauderdale- By-The-Sea (1)</u>	<u>Amount of Debt Applied to Town of Lauderdale- By-The-Sea</u>
Town of Lauderdale-By-The-Sea	None		
Broward County School District	\$ 1,980,665,000	0.12%	\$ 2,301,031
Broward County	<u>443,997,073</u>	0.12%	<u>515,812</u>
Total direct and overlapping debt	<u>\$ 2,424,662,073</u>		<u>\$ 2,816,843</u>

(1) Based on ratio of assessed valuation for:

Town of Lauderdale-By-The-Sea

1,935,973,843

Broward County

1,666,433,893,384

Source: Broward County Revenue Collection

Broward County School Board

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 14

STATISTICS DEMOGRAPHICS AND ECONOMICS

SEPTEMBER 30, 2009

Date of Incorporation:	November 30, 1947	
Year of Charter Adoption:	1947	
Form of Town Government:	Commission-Manager	
Location:	Lauderdale-By-The-Sea is in the east-central part of Broward County and shares boundaries with three other municipalities. Its eastern boundary is the Atlantic Ocean. It is 30 miles north of Miami and 33 miles south of Palm Beach. The Town is just over 8.5 square miles in area and has a population of 5,852 with a peak seasonal population of 9,800. It is a seaside community with primary industries being retail trade, tourism/hospitality, finance, insurance and real estate.	
Number of Employees:	Full and Part-Time, Permanent Contractual	150.5
Recreation facilities:	Miles of Public Beach	2.3
	Miles of Navigable Water	2.3
	Parks	3
	Tennis Courts	2
	Shuffleboard Courts	2
	Bocci Ball Court	1
	Basketball Court	1
Infrastructure:	Town Buildings	7
	Fire Stations	2
	Fire Rescue Stations	2
	Surface Parking Lot	3
Socio-Economic Data:	Consumer Price Index (1)C	-0.8%
	Per Capita Personal Income (2)	\$39,267
Population Statistics:	Civilian Labor Force (1)A	1,002.3
	Unemployment Rate (1)B	9.7%

Source:

- (1) United States Department of Labor - Bureau of Labor Statistics
Broward County, Florida
 - A. Number of persons, in thousands, not seasonally adjusted (09/08)
 - B. In percent, not seasonally adjusted (09/08)
 - C. All urban consumers, base: 1982-84+100, not seasonally adjusted (08/08)
- (2) Bureau of Economic Analysis - U.S. Department of Commerce - Florida - Released 03/26/08

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 15

PRINCIPAL EMPLOYERS

SEPTEMBER 30, 2009

<u>Employer</u>	2009			2000		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Aruba's Beach Café Restaurant	175	1	NA	NA	NA	NA
Sea Watch Restaurant	100	2	NA	NA	NA	NA
Blue Moon Fish Company - Restaurant	64	3	NA	NA	NA	NA
Benihana - Restaurant	55	4	NA	NA	NA	NA
Lauderdale-By-The-Sea Resort & Beach Club	40	5	NA	NA	NA	NA
Lauderdale Beachside Hotel - Hotel and Restaurant	27	6	NA	NA	NA	NA
Total	461					

Source: Lauderdale-By-The-Sea Development Services

Note: Information for 2000 was unavailable.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 16

FULL TIME EQUIVALENT GOVERNMENT POSITIONS BY FUNCTION LAST TEN FISCAL YEARS

Function	Full time Equivalent Positions as of September 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Administration	8.5	10.0	11.0	11.0	11.0	10.5	9.5	9.5	8.5	9.0
Public Safety (contracted)	27.0	27.0	28.0	28.0	28.0	28.0	28.0	27.0	19.0	19.0
Fire and Fire Rescue (contracted)	90.0	22.5	83.5	62.5	62.5	53.5	53.5	51.5	51.0	50.0
Public Works	15.0	15.0	16.0	17.0	17.5	16.5	12.5	12.5	9.5	8.0
Development services	4.8	6.0	6.0	6.0	6.0	7.0	6.0	6.0	4.0	4.0
Parking Enforcement	2.0	2.0	3.0	4.0	5.0	5.5	5.5	5.5	4.5	4.0
Sewer	1.3	1.0	1.0	0.5	0.5	0.5	0.5	0.5	1.5	-
Parking	2.0	2.0	1.0	-	-	-	-	-	-	-
Stormwater	-	1.0	-	-	-	-	-	-	-	-
	<u>150.5</u>	<u>86.5</u>	<u>149.5</u>	<u>129.0</u>	<u>130.5</u>	<u>121.5</u>	<u>115.5</u>	<u>112.5</u>	<u>98.0</u>	<u>94.0</u>

Source: Lauderdale-By-The-Sea Finance Department.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 17

OPERATING INDICATORS BY FUNCTION
LAST SIX FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>					
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government:						
Informational calls received	11,131	13,828	6,250	11,500	15,000	13,000
Public records request	294	223	191	218	216	214
Resolutions	29	24	21	24	19	27
Ordinances	28	16	19	11	16	23
Commission meetings	26	36	32	59	53	41
Cash receipts - general operating	2,346	2,075	2,615	2,367	3,013	N/A
Cash disbursements - general operating	2,314	2,684	2,204	2,033	2,159	2,620
Payroll disbursements - general operating	1,082	1,018	1,248	1,245	1,222	1,274
Purchase orders issued	208	235	285	165	166	N/A
Claims processed - general liability and workers comp	13	-	15	12	18	11
Records management scheduled by tonnage	0.80	0.40	0.40	0.34	1.91	0.41
Hours of information technology services	90.0	161.0	92.8	61.5	133.0	N/A
Public safety:						
Informational calls received	7,660	4,952	7,764	8,868	8,694	5,307
Public records request	32	85	57	75	148	194
Citizen on patrol membership	21	19	29	37	34	33
Neighborhood crime watch membership	55	26	50	59	44	N/A
Fire responses	349	514	485	533	463	355
Fire medical services (EMS)	1,056	826	874	877	782	937
Notices of violations code compliance	844	524	595	495	717	461
Citations issued code compliance	13	4	14	19	43	25
Complaints investigated	246	381	331	285	119	410
Parking citations	9,555	13,253	16,505	16,475	15,740	16,778
Municipal services:						
Parking maintenance (hours)	1,221	1,650	2,550	4,661	1,818	N/A
Street maintenance and repairs (hours)	206	226	252	283	136	N/A
Ground maintenance and repairs (hours)	1,572	1,507	1,658	1,084	576	N/A
Building maintenance and repairs (hours)	6,784	5,704	6,491	5,009	2,716	N/A
	2,908	2,543	2,945	2,118	956	N/A
Cultural - recreation:						
Scheduled recreation activities	804	972	1,047	955	1,423	N/A
Recreation volunteer hours	356	617	825	598	891	870
Recreation activity participants	5,263	5,465	5,596	5,553	5,096	5,591
Recreation areas maintenance (hours)	1,604	1,932	1,932	1,780	554	N/A

Note: Information prior to 2004 is unavailable.

N/A - Information not available.

TOWN OF LAUDERDALE-BY-TH-SEA, FLORIDA

TABLE 18

CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General Government Facilities:										
Town Buildings	7	7	6	6	6	6	5	5	5	5
Recreation Facilities:										
Miles of Public Beach	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Parks	3	3	1	1	1	1	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Shuffleboard Court	2	2	2	2	2	2	2	2	2	2
Bocci Ball Court	1	1	1	1	1	1	1	1	1	1
Basketball Court	1	1	1	1	1	1	1	1	1	1
Beach Portals	6	6	6	6	6	2	1	1	1	1
Public Safety Facilities:										
Police Station	1	1	1	1	1	1	1	1	1	1
Police Vehicles	30	30	30	30	30	30	30	29	11	11
Fire Stations	1	2	2	2	2	2	2	2	2	2
Fire Rescue Station	1	2	1	1	1	1	1	1	1	1
Fire Vehicles	2	2	2	2	2	2	2	2	2	2
Fire Rescue Vehicle	28	1	1	1	1	1	1	1	1	1
Infrastructure:										
Miles of paved roads	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68	10.30	10.30
Cable television	1	1	1	1	1	1	1	1	1	1
Surface Parking Lot	3	3	3	2	2	1	1	1	1	1

GLOSSARY

****A****

ACCOUNTS PAYABLE. A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE. An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government.

ACCRUAL BASIS. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION. A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity.

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity.

AGENCY FUND. A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

AMORTIZATION. (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

****B****

BALANCE SHEET. The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS). The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements and notes to the financial statements.

BASIS OF ACCOUNTING. A term used to refer to when revenues, expenditures, expenses, and transfers - and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

THIS PAGE IS INTENTIONALLY LEFT BLANK

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

****C****

CAPITAL ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, and improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant and equipment.

CAPITAL EXPENDITURES. Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITAL LEASE. An agreement that conveys the right to use property, plant or equipment, usually for a stated period of time. See LEASE•PURCHASE AGREEMENTS.

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFR's and to provide technical assistance and peer recognition to the finance officers preparing them.

COMPENSATED ABSENCES. Absences, such as vacation, illness and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental wit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than one year) and are not regularly recurring costs of operation.

DEFERRED REVENUE. Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DESIGNATED FUND BALANCE. A portion of an unreserved fund balance that has been "earmarked" by the chief executive officer or the legislative body for specified purposes.

DUE FROM OTHER FUNDS. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations, not interfund loans.

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations, not interfund loans.

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlement and shared revenues.

EXPENSES. Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS. Independent auditors typically engaged to conduct an audit of a government's financial statements.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION. A corporation created by the federal government that insures deposits in banks and savings associations.

FIDUCIARY FUNDS. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources may also include inventories and pre-pays (because they obviate the need to expend current available resources).

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE. The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with government-wide financial statements.

FUND TYPE. Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax — for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERAL FUND. The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by SAS No. 69, The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report.

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of net activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

****I****

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

****L****

LIABILITIES. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

****M****

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets or liabilities are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS. A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS. A way of presenting an entity's financial performance and position by considering which resources are measured (financial or economic) and when the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, which is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

****N****

NET ASSETS. An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

****O****

OTHER FINANCING SOURCES. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

****P****

PROGRAM REVENUES. Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

****R****

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

RESERVED FUND BALANCE. The portion of a governmental fund's net assets that is not available for appropriation.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET ASSETS. A component of net assets that is to be used for a specific purpose.

RISK MANAGEMENT. All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

****S****

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1996 and Office of Management and Budget's (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

****U****

UNDESIGNATED UNRESERVED FUND BALANCE. That portion of a fund balance that is available for spending or appropriation and has not been "earmarked" for specified purposes by the chief executive officer or the legislative body.

UNQUALIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESERVED FUND BALANCE. That portion of a fund balance available for spending or appropriation in the future.

UNRESTRICTED NET ASSETS. That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

THIS PAGE IS INTENTIONALLY LEFT BLANK

COMPLIANCE REPORT



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lauderdale-By-The-Sea, Florida (the Town) as of and for the year ended September 30, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

-73-



MarcumRachlin a Division of Marcum LLP ■ marcumrachlin.com

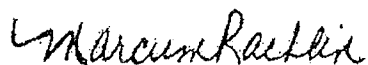
One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331
NEW YORK ■ NEW JERSEY ■ CONNECTICUT ■ PENNSYLVANIA ■ FLORIDA ■ GRAND CAYMAN

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, Town Commission, management, and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.



a division of Marcum LLP
Fort Lauderdale, Florida
February 4, 2010

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida

We have audited the financial statements of the Town of Lauderdale-By-The-Sea, Florida (the Town) as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated February 4, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report which is dated February 4, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no significant findings and recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

-75-



MarcumRachlin a Division of Marcum LLP ■ marcumrachlin.com

One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331
NEW YORK ■ NEW JERSEY ■ CONNECTICUT ■ PENNSYLVANIA ■ FLORIDA ■ GRAND CAYMAN

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.


Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Lauderdale-By-The-Sea was incorporated by the Laws of Florida 27675. There are no component units related to the Town.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The assessment was done as of the fiscal year end. There were no findings that identified deteriorating financial conditions.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States require us to indicate that this letter is intended solely for the information and use of the Honorable Mayor, Town Commission and Town Manager of the Town of Lauderdale-By-The-Sea, Florida, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



a division of Marcum LLP
Fort Lauderdale, Florida
February 4, 2010